

N. 3007

No. 15111

United States
Court of Appeals
for the Ninth Circuit

DICK E. STEARNS and THE D. E. STEARNS
COMPANY, a Partnership Composed of Dick
E. Stearns and Ellen Belson Stearns,

Appellants,

vs.

TINKER & RASOR, a Corporation, JOHN P.
RASOR and LEO H. TINKER,

Appellees.

TINKER & RASOR, a Corporation, JOHN P.
RASOR and LEO H. TINKER,

Appellants,

vs.

DICK E. STEARNS and THE D. E. STEARNS
COMPANY, a Partnership Composed of Dick
E. Stearns and Ellen Belson Stearns,

Appellees.

Transcript of Record

Appeals from the United States District Court for the
Southern District of California,
Central Division.

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RASOR and LEO H. TINKER,
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COMPANY, a Partnership Composed of Dick
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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NAMES AND ADDRESSES OF ATTORNEYS

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United States Court of Appeals
for the Ninth Circuit

No. 13,634

DICK E. STEARNS, Etc.,

vs.

TINKER & RASOR, et al.

(In the United States District Court, Southern District of California, Central Division.
No. 12,032-HW.)

MANDATE

United States of America—ss.

The President of the United States of America

To the Honorable the Judges of the United States
District Court for the Southern District of
California, Central Division, Greeting:

Whereas, lately in the United States District Court for the Southern District of California, Central Division, before you or some of you, in a cause between Dick E. Stearns and the D. E. Stearns Company, a partnership composed of Dick E. Stearns and Ellen Belson Stearns, Plaintiffs, and Tinker & Razor, a corporation, John Patrick Razor and Leo H. Tinker, Defendants, No. 12032, a Judgment was entered on the 23rd day of September, 1952; which said Judgment is of record and fully set out in the office of the clerk of the said District Court in said cause, to which record reference is

hereby made and the same is hereby expressly made a part hereof.

And Whereas, the said plaintiffs appealed to this court as by the inspection of the transcript of the record of the said District Court, which was brought into the United States Court of Appeals for the Ninth Circuit by virtue of an appeal agreeably to the Act of Congress, in such cases made and provided, fully and at large appears.

And Whereas, on the 12th day of August, in the year of our Lord, one thousand nine hundred and fifty-four, the said cause came on to be heard before the said United States Court of Appeals for the Ninth Circuit, on the said transcript of record, and was duly submitted:

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this cause be, and hereby is reversed, and that this cause be, and hereby is remanded to the said District Court for further proceedings not inconsistent with the opinion of this Court, with costs in favor of the Appellants, and against the Appellees. [17*]

It Is Further Ordered and adjudged by this Court, that the Appellants recover against the Appellees for their costs herein expended and have execution therefor.

(February 7, 1955.)

*Page numbering appearing at foot of page of original Certified Transcript of Record.

You, Therefore, Are Hereby Commanded that such proceedings be had in said cause, in conformity with the opinion and judgment of this Court, as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

Witness the Honorable Earl Warren, Chief Justice of the United States, the thirty-first day of March, in the year of our Lord one thousand nine hundred and fifty-five.

/s/ PAUL P. O'BRIEN,
Clerk, United States Court of Appeals for the
Ninth Circuit.

Costs

Clerk of District Court.....	\$ 2.00
Printing Record	2,056.81
Docket Fee, Court of Appeals.....	25.00
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Total.....	\$2,083.81

[Endorsed]: Filed April 11, 1955.

Judgment docketed and entered April 12, 1955.

In the United States District Court, Southern
District of California, Central Division

Civil Action No. 12,032-HW.

DICK E. STEARNS and the D. E. STEARNS
COMPANY, a Partnership Composed of Dick
E. Stearns and Ellen Belson Stearns,

Plaintiffs,

vs.

TINKER & RASOR, a Corporation; LEO H.
TINKER and JOHN PATRICK RASOR,

Defendants.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The above-entitled Action having been tried before this Court on April 1, 2, 3, 4 and 8, 1952, and this Court having previously rendered its decision and judgment and having made findings of fact and conclusions of law, and such judgment having been reversed by the United States Court of Appeals for the Ninth Circuit and remanded to this Court for further proceedings not inconsistent with the opinion of said Court of Appeals reported at 220 F. 2nd 49; and this Court having had such further proceedings and heard and considered further arguments of Counsel for the parties on November 10, 1955, and having considered proposed findings of fact and conclusions of law submitted by all of the parties, this Court now makes the following find-

ings of fact and conclusions of law pursuant [18] to Rule 52 of the Federal Rules of Civil Procedure:

Findings of Fact

General and Formal Findings

Finding No. 1. The plaintiff Dick E. Stearns, an individual, is a resident of Shreveport, Louisiana, and the plaintiff D. E. Stearns Company is a partnership composed of the said Dick E. Stearns and Ellen Belson Stearns and having its principal place of business in Shreveport, Louisiana.

Finding No. 2. The defendant Tinker & Rasor is a corporation organized and existing under the laws of the State of California and has its principal office and place of business in San Gabriel, California, within the Southern District of California, Central Division.

Finding No. 3. The defendants John Patrick Rasor and Leo H. Tinker, both individuals, are residents of San Gabriel, California, within the Southern District of California, Central Division.

Finding No. 4. This action was instituted by the plaintiff Dick E. Stearns against the defendant Tinker & Rasor for alleged infringement of United States Letters Patent No. 2,332,182, granted October 19, 1943, on an application filed August 23, 1941, entitled "Insulation Testing Device," hereinafter referred to as "the Stearns Patent," such action being brought under the patent laws of the United

States and seeking an injunction, an accounting of profits and an award of damages.

Finding No. 5. Subsequently, by a first amended complaint, [19] the D. E. Stearns Company was joined as a party plaintiff and by a second amended complaint, the individuals John Patrick Rasor and Leo H. Tinker were joined as parties defendant.

Finding No. 6. Claims 1 and 7 of said Stearns Patent are alleged to be infringed, but plaintiffs now rely primarily upon Claim 1.

Finding No. 7. The plaintiff D. E. Stearns Company became owner of the Stearns Patent by assignment dated January 20, 1951, and has ever since been and now is the owner of said patent.

Finding No. 8. The Stearns Patent relates to apparatus known as a holiday detector employed for electrical inspection of protective coatings on pipelines to locate flaws in such coatings, such flaws being known in the art as "holidays."

Finding No. 9. Defendants have answered, alleging as defenses the following:

(a) That Claims 1 and 7 are invalid for want of invention.

(b) Noninfringement.

(c) That Claims 1 and 7 are invalid because they do not particularly point out and distinctly claim the invention.

(d) Misuse of the patent by employing it to exercise a monopoly over and to restrain competition in unpatented materials.

Finding No. 10. On September 23, 1952, this Court made [20] findings of fact and conclusions of law and entered its judgment sustaining the defense of invalidity for want of invention (referred to in Finding No. 9(a) above) and expressly reserving findings with respect to the three other defenses (referred to in Findings Nos. 9(b), (c) and (d) above), but on appeal to the Court of Appeals for the Ninth Circuit, No. 13,634, this Court's judgment was reversed and the cause was remanded for further proceedings not inconsistent with the opinion of the Court of Appeals, which is reported at 220 F. 2d 49.

Finding No. 11. The Court of Appeals in its opinion reversed this Court solely on the issue of lack of invention and left for determination by this Court all other issues and defenses, including those set forth in Findings Nos. 9(b), 9(c) and 9(d) above.

Finding No. 12. There is invention in the device of the Stearns Patent.

Finding No. 13. Plaintiffs allege that the following holiday detectors infringe Claims 1 and 7:

(a) The Model C-3 Detector manufactured and sold by the corporate defendant Tinker & Rasor, which is exemplified by Plaintiffs, Exhs. 26A, 26B and 26C.

(b) Four holiday detectors manufactured by the individual defendants Leo H. Tinker and John P. Rasor prior to incorporation of the corporate defendant Tinker & Rasor; one such detector being identified as the "Model A" and three as the "Model B."

Finding No. 14. Defendants admit that the [21] Model A detector infringed Claim 7 if that claim is valid, and that the Model B detectors infringed Claims 1 and 7 if that claim is valid, and that one Model A and three Model B detectors were manufactured and sold by the individual defendants Leo H. Tinker and John P. Rasor prior to incorporation of the corporate defendant Tinker & Rasor.

Finding No. 15. Defendants admit that the Model C-3 Detector (Plaintiff's Exhs. 26A, 26B and 26C) referred to in Finding No. 13(a) was manufactured and sold by the corporate defendant Tinker & Rasor, but deny that it is an infringement of either Claim 1 or Claim 7.

Findings Regarding Claim 1

Finding No. 16. Plaintiffs rely primarily upon Claim 1 of the Stearns Patent to establish the charge of infringement.

Finding No. 17. Claim 1 is for two elements, each of which is admitted by plaintiffs to be old and which are as follows:

(a) "an exploring electrode in the form of a coiled spring adapted to extend about such member

[a pipe] and having its ends secured together to completely embrace such member [the pipe].”

(b) “means rotatably engaging and forming a movable electrical contact with said spring at a position remote from the surface of said member [the pipe] for connecting said spring to a high voltage testing circuit and for rolling said spring along such elongated member [the pipe].” [22]

Finding No. 18. The second element of Claim 1 is the pusher element which rotatably engages the electrode (the first element) as well as forming a movable electrical contact with the electrode.

Finding No. 19. There is a dispute between the parties as to the interpretation of Claim 1. This dispute is focused on the meaning of the phrase “rotatably engaging” which defines the type of engagement of the pusher with the electrode. Defendants contend that this phrase means that the pusher has a revolving or rotating part such as a wheel or roller. Plaintiffs contend this phrase means a bearing or engagement where one part, or both, either way, would be free to rotate and that it does not mean that the pusher has a rotating part such as a wheel or roller. The dispute between the parties includes conflicting testimony of witnesses at the trial, such conflicting testimony being typified by the following:

(a) Plaintiffs’ expert witness, Lee, testified at page 295, line 22, to page 296, line 27, of the Reporter’s Transcript of Proceedings at the trial, that

in his opinion the meaning of “rotatably engaging” is as follows:

“Well, rotatably engaging means you must have some kind of bearing or engagement where one part, or both, either way, would be free to rotate.”

(b) Defendants’ expert witness, Peterson, testified at page 539, line 20, to page 543, line 13, of the Reporter’s Transcript of Proceedings at the trial that, from a reading of the specification and claims of the Stearns Patent and from a study of the drawings, that “It seems quite clear” [23] Mr. Stearns did not contemplate the use of anything else as a pusher and contactor for his electrode, other than something which rotates.

Finding No. 20. It is necessary to ascertain the precise meaning of the language “rotatably engaging,” for the following reasons:

(a) Defendant Tinker & Razor’s device, exemplified by Plaintiffs’ Exhs. 26A, 26B and 26C, uses a pusher element (Exh. 26A) which, unlike the pusher element of plaintiffs’ device, exemplified by Plaintiffs’ Exh. 17, does not employ wheels or rollers to engage the electrode.

(b) The point of conflict and dispute is whether the language “rotatably engaging” in Claim 1 limits that claim to a pusher with wheels or rollers engaging the electrode.

Finding No. 21. Claim 1 of the Stearns Patent was Claim 3 of the Stearns application for patent

and, as originally presented to the Patent Office, defined the pusher as “means forming a movable electrical contact with said spring”; but the Patent Office rejected Claim 3 for the following reasons: “Claims 1-4 are rejected as indefinite and incomplete” and “Claim 3” is rejected as unpatentable over Clarvoe in view of Dye and Bensett or Lenz.” Claim 3 was then amended by Stearns to add that the pusher not only forms a “movable electrical contact” with the electrode but also rotatably engages the electrode.

Finding No. 22. Stearns was required by the Patent Office to amend Claim 3 of the application to include rotatable engagement as well as movable contact between the pusher and the [24] electrode, as a prerequisite for allowance of the claim, which became Claim 1 of the Stearns Patent.

Finding No. 23. If Stearns had not complied with this requirement of the Patent Office that the contact of the pusher with the electrode be defined as a rotatable engagement as well as a movable contact, the claim would not have been allowed by the Patent Office.

Finding No. 24. The drawings of the Stearns Patent show only two forms of pusher, as follows:

(a) That shown in Figure 10 in which wheels 44 and 45 are in contact with the electrode and wheels 46 and 47 are in contact with the pipe and with the wheels 44 and 45.

(b) That shown in Figure 15 in which wheels contacting the pipe are omitted and only wheels 68 and 69 in contact with the electrode are employed.

Finding No. 25. The specification at page 2, column 2, commencing at line 47, states with regard to the pusher of Figure 10: "It is intended that when the wheels 46 and 47 are employed they shall serve as friction wheels to provide frictional engagement with the surface of the pipe and with wheels 44 and 45 so that when the device is moved along the pipe, the wheels 44 and 45 will be made to rotate."

Finding No. 26. The specification at page 3, column 1, commencing at line 4, states with regard to the pusher of Figure 15 that friction wheels 46 and 47 may be omitted but that "Wheels 68 and 69 must rotate easily to cause proper propulsion of [25] the electrode while permitting it to rotate" [lines 24-27].

Finding No. 27. The language quoted above is the only language contained in the Stearns Patent which explains or clarifies the meaning of the phrase "rotatably engaging" in Claim 1, and it is clear from this language that the pusher means "rotatably engaging" the electrode must have wheels or rollers and the wheels or rollers must either be driven (as in Figure 10) or must rotate easily (as in Figure 15), otherwise proper operation of the electrode will not result.

Finding No. 28. This interpretation of Claim 1 is confirmed by the testimony of the inventor and

plaintiff Dick E. Stearns at the trial as set forth in the following Findings Nos. 29 to 32.

Finding No. 29. Dick E. Stearns testified that, prior to filing his application for patent, he experimented with a pusher without wheels or rollers, in the form of a block of wood with a U-shaped notch cut out to fit over a coiled spring, such pusher being illustrated by Defendants' Exh. B.

Finding No. 30. Dick E. Stearns testified that he considered this experimental pusher, Defendants' Exh. B, to be unsatisfactory because, in going from forward to backward motion, he believed it would break contact with the spring and such breaking of contact would cause a spark to occur and would give a false indication of a holiday.

Finding No. 31. Dick E. Stearns testified that, because of his dissatisfaction with this type of pusher, Defs.' Exh. B, he discarded it, never used it again, never reduced it to practice, [26] and never employed that type of pusher in a holiday detector.

Finding No. 32. Dick E. Stearns testified that the only holiday detectors ever experimented with or built by him relating to the subject matter of this suit embodied a coiled spring electrode, a carriage or platform on wheels and a pusher in the form of a rigid arm rigidly fixed to the carriage and having wheels in contact with the electrode.

Finding No. 33. Claim 1 is, therefore, limited in scope to a rolling coiled spring electrode-pusher

combination in which the pusher has wheels or rollers engaging the electrode.

Finding No. 34. The defendant Tinker & Razor's device, exemplified by Plaintiffs' Exhs. 26A, 26B and 26C, does not employ a pusher with wheels engaging the electrode.

Finding No. 35. Claim 1 is not entitled to embrace the defendant Tinker & Razor's pusher, Plaintiffs' Exh. 26A, as an equivalent because:

(a) Pushers without wheels or rollers are disclaimed on the face of the Stearns Patent.

(b) The Stearns Patent on its face contemplates no alternative to a wheeled pusher.

(c) By amending Claim 1 to recite a wheeled pusher Stearns disclaimed and abandoned all other structures except as set forth in Claim 1.

Finding No. 36. If the language "means rotatably [27] engaging" in Claim 1 is given a broader meaning so as to include pushers which have no wheels or rollers, then it has only an indefinite, functional meaning; it includes all manner of pushers heretofore and hereafter discovered by Stearns or anyone else that are capable of rolling the electrode; and it defines the pusher element in terms of what it will do (function) rather than in terms of what it is (structure).

Finding No. 37. If Claim 1 is construed broadly enough to include defendant Tinker & Razor's device, then it is functional and it fails to particu-

larly point out and distinctly claim the invention actually made by Dick E. Stearns.

Findings Regarding Claim 7

Finding No. 38. The three elements of Claim 7 are:

(a) “a carriage comprising a platform on wheels.”

(b) “an exploring electrode in the form of a flexible elongated member of circular cross-section and of an electrically conductive material adapted to embrace such member [a pipe] adjacent said carriage.”

(c) “an electrode pusher and contactor carried by and electrically insulated from said platform and having parts in electrical and mechanical contact with said electrode.”

Finding No. 39. The language of Claim 7 requires that these three elements be united mechanically so that “movement of said carriage longitudinally along a member to be tested [a pipe] will cause rolling movement of said electrode along such member [pipe].” [28]

Finding No. 40. Claim 7 requires that the pusher arm be a solid, rigid, immovable structure mechanically carried by and moving with the carriage so that movement of the carriage causes movement of the electrode.

Finding No. 41. The pusher (Exh. 26A) of defendant Tinker & Rasor's Model C-3 Detector is

not a solid, rigid, immovable structure mechanically carried by and moving with the carriage (Exh. 26B); and movement of the carriage does not and cannot result in movement of the electrode (Exh. 26C).

Finding No. 42. The structure of Claim 7 is not copied by defendant Tinker & Razor.

Finding No. 43. The pusher and carriage of defendant Tinker & Razor's Model C-3 Detector (Plaintiffs' Exhs. 26A, 26B and 26C) are not the equivalent of the pusher and carriage of Claim 7 because they do not do the same work in substantially the same way and do not accomplish the same result.

Finding No. 44. There is no disclosure or teaching in the Stearns Patent of any other than a rigid connection between the pusher and the carriage operating in mechanical unison to move the electrode.

Finding No. 45. If, therefore, Claim 7 is construed broadly enough to cover defendant Tinker & Razor's Model C-3 Detector (Plaintiffs' Exhs. 26A, 26B and 26C), then it fails to particularly point out and distinctly claim the invention made by Dick E. Stearns because it would cover something not disclosed or taught. [29]

Findings Regarding Misuse

Finding No. 46. The product of plaintiff D. E. Stearns Co. is the Stearns Electronic Holiday Detector.

Finding No. 47. The Stearns Electronic Holiday Detector consists of the following component parts:

(a) The electrode-pusher-carriage combination covered by the Stearns Patent, such combination being referred to hereinafter as the "Patented Apparatus."

(b) Electrical high voltage generating and signaling apparatus, referred to hereinafter as the "Electrical Apparatus."

Finding No. 48. The Electrical Apparatus is not covered by the Stearns Patent.

Finding No. 49. The Electrical Apparatus represents the major portion of the cost of a Stearns Electronic Holiday Detector.

Finding No. 50. The Patented Apparatus represents only a minor portion of the cost of a Stearns Electronic Holiday Detector not greatly in excess of ten per cent (10%) of the cost of the complete apparatus.

Finding No. 51. The D. E. Stearns Co. follows an exclusive exploitation policy as follows:

(a) It will lease but refuses to sell the Stearns Electronic Holiday Detector. [30]

(b) It refuses to sell or lease components of the Stearns Electronic Holiday Detector.

(c) It will not make the Patented Apparatus available except in conjunction with and tied to the Electrical Apparatus.

(d) It requires users to lease the apparatus as a whole.

Finding No. 52. The Stearns Patent establishes on its face that the Electrical Apparatus is a separable, divisible part of the Stearns Electronic Holiday Detector and that the Patented Apparatus need not be employed with the Electrical Apparatus of the D. E. Stearns Co. but may be used with electrical apparatus of other types.

Finding No. 53. If the Patented Apparatus of the D. E. Stearns Co. were made available with or without the Electrical Apparatus of the D. E. Stearns Co. in accordance with customers' preferences, it would be feasible to employ electrical apparatus of competitors with the Patented Apparatus of the D. E. Stearns Co., and vice versa.

Finding No. 54. The actual, realistic effect upon competition of the tie-in policy of the D. E. Stearns Co. is to require persons who desire to obtain the separable Patented Apparatus to take and pay for the unpatented Electrical Apparatus as well.

Finding No. 55. The actual, realistic effect of the tie-in policy of the D. E. Stearns Co. is to restrain trade and competition in unpatented materials, more particularly, in electrical [31] high voltage and signaling apparatus and components thereof for holiday detectors.

Finding No. 56. The defendant Tinker & Razor has been injured and damaged in its business by the tie-in policy of the D. E. Stearns Co. and has

been deprived of the opportunity to supply unpatented electrical components for use with the Patented Apparatus of the Stearns Electronic Holiday Detector.

Finding No. 57. Licenses granted by the D. E. Stearns Co. (Defs.' Exhs. AA and BB) require the licensee to pay a royalty of \$250.00 for each electrode-pusher combination, regardless of whether such combination is sold or leased alone or is tied to a complete detector including unpatented electrical apparatus.

Finding No. 58. John P. Rasor testified, and his testimony is uncontradicted, that the defendant Tinker & Rasor sells its electrode-pusher combinations for about \$22.50.

Finding No. 59. John P. Rasor further testified, and his testimony is uncontradicted, that a licensee could not sell such combinations, which are presently priced at about \$22.50, and pay a royalty of \$250.00 for each combination, without tying the sale of a combination to the sale or rental of a complete detector including unpatented electrical apparatus.

Finding No. 60. The inevitable effect of the licensing policy of the D. E. Stearns Co. is to require licensees to adopt and adhere to the same policy as the D. E. Stearns Co., namely, offering patented apparatus only in conjunction with and tied to unpatented electrical apparatus, thereby restraining competition in unpatented components of holiday detectors. [32]

Conclusions of Law

I. This Court has jurisdiction of the parties and of the subject matter.

II. The one Model A detector manufactured by the individual defendants Leo H. Tinker and John P. Rasor was an infringement of Claim 7 if that claim is valid, and the three Model B detectors manufactured by said individual defendants were an infringement of Claims 1 and 7, if those claims are valid.

III. Plaintiffs are not, however, entitled to relief for such infringement because they have misused the Stearns Patent by employing it to monopolize and to restrain competition in unpatented materials.

IV. None of the devices manufactured by the corporate defendant Tinker & Rasor, including the Model C-3 which is exemplified by Plaintiffs' Exhs. 26A, 26B and 26C, is an infringement of either Claim 1 or Claim 7.

V. Where a claim of a patent application has been rejected by the Patent Office and a phrase defining an element of construction is inserted by the applicant to overcome the rejection and secure the allowance of the claim, the insertion of such phrase constitutes an abandonment by the patentee of all other constructions.

VI. Where the meaning of a phrase of a patent claim defining an element of construction is in issue,

and where the teachings of the patent specification and the prior conduct of the inventor clearly show that he contemplated but one type of [33] construction and contemplated no alternative, then it is not permissible to construe such phrase to include an alternative construction.

VII. If Claims 1 and 7 of the Stearns Patent are construed to cover the device manufactured by the defendant Tinker & Rasor, exemplified by Plaintiffs' Exhibits 26A, 26B and 26C, then Claims 1 and 7 are invalid for failure to particularly point out and distinctly claim the invention.

VIII. Claims 1 and 7 of the Stearns Patent, construed as in the Findings of this Court, are valid.

IX. Defendants are entitled to an accounting for damages for the damage sustained by them by reason of Plaintiffs' unlawful use of the Stearns Patent to monopolize and to restrain competition in unpatented materials.

X. Plaintiffs' Second Amended Complaint should be dismissed with costs allowed to defendants.

/s/ HARRY C. WESTOVER,

United States District Judge.

Dated this 29th day of December, 1955.

Lodged December 23, 1955.

[Endorsed]: Filed December 29, 1955. [34]

[Title of District Court and Cause.]

ORDER RE PLAINTIFFS' MOTION TO
AMEND AND MODIFY FINAL JUDG-
MENT, FINDINGS OF FACT AND CON-
CLUSIONS OF LAW

"Plaintiffs' Motion to Amend and Modify Final Judgment, Findings of Fact and Conclusions of Law," having been considered by the Court, and arguments of attorneys for plaintiff and defendant relative thereto having been heard in open Court on January 23, 1956, it is now adjudged and ordered that:

I.

Paragraph II of the Judgment be deleted and the following substituted therefor:

"That the counterclaim for damages presented with the answer to the second amended complaint herein be and is hereby dismissed upon the [35] merits."

II.

That the Judgment be amended and modified by adding thereto Paragraph IV, as follows:

"That cost be awarded to the plaintiffs in the sum of for the first appeal as per the Court of Appeals mandate."

III.

That Paragraph III of the Judgment be amended to read:

"That cost in the lower Court be awarded the defendants in the sum of"

IV.

That Finding of Fact 56 be deleted.

V.

That Conclusion of Law IX be deleted.

Dated this 9th day of February, 1956.

/s/ HARRY C. WESTOVER,

Judge, United States District
Court.

Approved as to form:

/s/ EDWARD B. GREGG,

Attorney for Defendants.

[Endorsed]: Filed, docketed and entered February 9, 1956. [36]

In the United States District Court, Southern
District of California, Central Division
Civil Action No. 12,032—HW.

DICK E. STEARNS and the D. E. STEARNS
COMPANY, a Partnership Composed of Dick
E. Stearns and Ellen Belson Stearns,

Plaintiffs,

vs.

TINKER & RASOR, a Corporation; LEO H.
TINKER and JOHN PATRICK RASOR,
Defendants.

FINAL JUDGMENT

This action having been tried and briefed, and
further proceedings being had and considered by

this Court after remand from the Court of Appeals, and findings of fact and conclusions of law having been made consistently with the opinion of the Court of Appeals at 220 F. 2d 49,

It Is Ordered, Adjudged and Decreed as follows:

I.

That the Second Amended Complaint herein be, and is hereby, dismissed upon the merits. [37]

II.

That the counterclaim for damages presented with the answer to the Second Amended Complaint herein be and is hereby dismissed upon the merits.

III.

That costs in the lower Court be awarded the Defendants in the sum of \$478.77.

IV.

That costs be awarded to the Plaintiffs in the sum of \$2,083.81 for the first appeal as per the Court of Appeals mandate.

Dated this 9th day of February, 1956.

/s/ HARRY C. WESTOVER,
United States District Judge.

Approved as to form, but Plaintiffs hereby except to Articles I and III of the Final Judgment and

the Findings of Fact and Conclusions of Law in support thereof.

/s/ R. CALVIN WHITE,
Attorney for Plaintiffs.

[Endorsed]: Filed, docketed and entered February 9, 1956. [38]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice Is Hereby Given that Dick E. Stearns and the D. E. Stearns Company, a partnership composed of Dick E. Stearns and Ellen Belson Stearns, plaintiffs above named, hereby appeal to the United States Court of Appeals for the Ninth Circuit from the final judgment entered in this action on February 9, 1956.

H. CALVIN WHITE,
WILLIAM P. GREEN,

By /s/ H. CALVIN WHITE,
Attorneys for Appellants.

[Endorsed]: Filed March 8, 1956. [39]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Tinker & Rasor, a corporation; John P. Rasor and Leo H. Tinker,

defendants above named, hereby appeal to the United States Court of Appeals for the Ninth Circuit from the following portions of the final Judgment entered in this action on February 9, 1956, to wit:

Paragraph II dismissing defendants' counterclaim for damages.

Paragraph IV awarding plaintiffs costs on the first appeal.

/s/ EDWARD B. GREGG,
Attorney for Defendants.

Certificate of Service attached.

[Endorsed]: Filed March 9, 1956. [40]

[Title of District Court and Cause.]

ORDER STAYING EXECUTION OF COSTS
PENDING APPEAL

Pursuant to defendants' Petition, attached hereto, it is hereby ordered that the cash bond of \$2500.00 posted by defendants shall serve as a cash bond in the appeal currently being filed in subject action and that execution of costs awarded by the Court of Appeals shall be stayed pending said appeal.

/s/ HARRY C. WESTOVER,
Judge.

Dated: March 20, 1956.

[Endorsed]: Filed March 20, 1956. [51]

In the United States District Court, Southern
District of California, Central Division

No. 12032-HW Civil

DICK E. STEARNS, et al.,

Plaintiffs,

vs.

TINKER & RASOR, et al.,

Defendants.

Honorable Harry C. Westover, judge presiding.

REPORTER'S TRANSCRIPT OF
PROCEEDINGS

Thursday, November 10, 1955

Appearances:

For the Plaintiffs:

JAMES B. SIMMS, ESQ.

For the Defendants:

EDWARD B. GREGG, ESQ.;

H. B. HARDY, ESQ.

The Clerk: No. 12032-HW Civil, Stearns vs. Tinker & Rasor, a corporation, further proceedings.

Mr. Simms: May it please the court——

Mr. Gregg: Mr. Simms, before you proceed, I would like to introduce Mr. Hardy, if I may.

Mr. Sims: Certainly.

Mr. Gregg: I would like to introduce my asso-

ciate, Henry Hardy from San Francisco, who is a member in good standing of the bar of this court and would like to enter his appearance in this case for the defendants.

The Court: Such may be the order.

Mr. Simms: I understand, your Honor, we are here this morning for an argument. What is your Honor's wish as to time?

The Court: We are here for further proceedings. If your further proceedings are argument, then you can argue. If the further proceedings are something else, then——

Mr. Simms: May it please the court, I think the case having been fully tried as far as the plaintiff is concerned, argument is the only further proceeding required.

The Court: Well, as I look back over the case and read the decision, I predicted my opinion upon the theory that there was no invention. The Circuit says there was invention. So that issue is out of the way. So now I think we should proceed [2*] on the two questions remaining.

Assuming that there was invention, which we are going to have to assume, the next problem is whether or not the defendant's apparatus infringes upon the plaintiff's apparatus.

Mr. Simms: That's right.

The Court: And, if so, what the damage is. Now, that is the only problem left, isn't it?

Mr. Simms: I think so. I will put it this way.

*Page numbering appearing at top of page of original Reporter's Transcript of Record.

I had presumed, perhaps erroneously, that if your Honor found infringement did exist, then that the extent of the damages would be determined in an accounting probably before a master.

The Court: I don't know. I don't believe we did have any evidence at all as to damage, did we?

Mr. Simms: No, your Honor. There was no evidence as to damage and, at least frequently I thought it was the practice here to first determine the question of infringement and validity. Of course, if those should go against the patentee—

The Court: What do you mean by validity? Hasn't the Circuit Court established that?

Mr. Simms: I think the validity is established, your Honor. I think that part has been, but I don't think the question of infringement has been established yet.

The Court: Well, that's right. Suppose you proceed with the question of infringement then.

Mr. Gregg: Your Honor, I don't like to interrupt [3] counsel's argument, but I would like to present our view of the posture of this case at the present time. The issue of infringement has not been determined, but there are two other defenses which have not been determined. They were expressly reserved in finding No. 27 of this court, and that fact is noted in the opinion of the Court of Appeals.

There is the defense that the claims, claims 1 and 7 are invalid for failure to particularly point out and distinctly claim the invention.

There is the further defense of misuse of the patent.

So there are three issues, according to our understanding, which remain to be determined by this court.

In connection with our presentation, there is one further matter, which will take very little time, that we wish to call to the attention of this court at the present time, which is some letters that the plaintiffs have been circulating among our customers threatening them and, we believe, misrepresenting the opinion of the Court of Appeals. So those are the four topics that I would like to discuss. Infringement——

The Court: Well, am I going to consider anything that happened after the trial of this case?

Mr. Gregg: Well, your Honor, if you wish to——

The Court: I am not going to take any other testimony, am I? [4]

Mr. Gregg: No, It doesn't require any testimony. It is simply offering in evidence some letters which have been circulated by the plaintiff and if Mr. Sims will stipulate they are true and accurate copies of letters sent by him, no testimony will have to be taken. They speak for themselves in the light of the opinion of the Court of Appeals.

Mr. Simms: I think, your Honor, there is no status of the case at this time for introducing any testimony, documentary or otherwise; that the question to be determined is as the matter appeared at the filing of the complaint.

Mr. Gregg: I would suggest, your Honor, that you at least hear a few words on this supplemental matter and decide at this time whether you want to hear it further in this case or in a supplemental proceeding. It doesn't make a great deal of difference to us.

The Court: Suppose you proceed, then, upon your other two theories of defense, if you have got two other theories of defense.

Mr. Gregg: At this time, your Honor?

The Court: Yes. As I read the opinion, the opinion held that this was an invention.

Mr. Gregg: Your Honor, I am not touching upon the question of infringement just yet. I am touching upon, as I understand it, your wish to hear me now in connection with the other defenses. I would like to direct your attention to finding [5] No. 27 of this court.

The Court: May I have the file, please?

The Clerk: Your Honor, I am not able to find those since they went up on appeal.

The Court: Haven't they come back from the Circuit?

Mr. Gregg: I am reading from the printed copy of the transcript of record. Does the court have available the printed transcript of the record? That is the only place I have it.

The Court: If the clerk has it, I haven't seen it yet.

Mr. Gregg: Do you gentlemen have an extra copy of the printed transcript?

Mr. Simms: No.

Mr. Gregg: Your Honor, I will hand this up to the bench to you.

The Court: Let's see your copy.

Mr. Gregg: This is 27 that I have checked in the margin.

The Court: All right.

Mr. Gregg: Your Honor, I believe that the record clearly establishes that there was the additional defense directed to the validity, namely, that the claims do not particularly point out and distinctly claim the invention as required by statute. I would like to direct your attention to how that matter was handled by the Court of Appeals in its opinion. Do you have a printed copy of the opinion? [6]

The Court: It is published, and I have it here.

Mr. Gregg: The Court of Appeals—I don't have the report, but I am quoting from the opinion as follows: In the first paragraph of the opinion, dropping down about the middle of the paragraph, the sentence beginning "Appellees"—that is the defendants in this case.

The Court: All right.

Mr. Gregg: "Appellees, by answer, raised the defenses that: The claims in suit were invalid for want of invention and because they do not particularly point out and distinctly claim the invention; the claims in suit were not infringed by appellees; and appellants were barred or estopped from obtaining any relief because of their misuse of the Stearns patent by employing it to exercise a monopoly over unpatented material."

Now, in the following paragraph, your Honor,

I am quoting again from the opinion of the Court of Appeals, and this is down about the middle of the paragraph, the sentence beginning, "No findings or conclusions"——

Do you find that, your Honor?

The Court: Yes.

Mr. Gregg: "No findings or conclusions were made upon the issues of invalidity of the claims because of failure to particularly point out and distinctly claim the invention * * *"

Then, your Honor, turning to the next to the [7] last paragraph of the opinion, the one just before the mandate and just above the citation of cases, and I am reading, quoting from the opinion, the sentence beginning, "When these indicia of invention"——

Have you found that, your Honor?

The Court: Yes.

Mr. Gregg: "When these indicia of invention are taken into account together with the true state of the prior art and what Stearns actually did to improve the art, it must be concluded that the Stearns patent is not invalid for want of invention."

The very phraseology used in the opening paragraph, the very phraseology used in the findings of the court with regard to the matter of invention, very clearly leave for determination by this court whether or not the claims comply with the statute and particularly point out and distinctly describe the invention.

So our contention is that that is an issue yet to be decided in this case.

Also to be decided is the issue of misuse, the issue of infringement, and we would like to bring to the attention of this court, if you will permit us at this time, otherwise in a separate proceeding, the fact that the plaintiffs have been circulating letters recently, October 25 is the date of those letters—I have them here with me in court. [8]

The Court: Supposing I would find after the commencement of this action that the plaintiffs had misused their patent. Could I use that misuse to declare the patent invalid?

Mr. Gregg: Your Honor, the particular point here with regard to the letters that the plaintiffs are circulating among our customers relates to the question of unfair competition. I have a number of cases in this Circuit——

The Court: Was there a cause of action on unfair competition?

Mr. Gregg: There was a cause of action stated for unfair competition.

The Court: Doesn't that unfair competition have to exist at the time the complaint was filed?

Mr. Gregg: This is a matter of unclean hands, your Honor. The plaintiffs are coming in here seeking the aid of a court of equity, and we contend on the facts and under the law their conduct——

The Court: I don't think I can consider anything that has happened after the trial to predicate a judgment that the patent has been unfairly used after the time of the trial.

Mr. Gregg: I think, your Honor, the matter of unclean hands can be raised at any time prior to the court having granted the relief that the plaintiff seeks.

The Court: Where is your authority?

Mr. Gregg: My authorities are the Dicalite case and the [9] Celite case, and also the cases set forth in our brief in this court on the question of misuse. It ultimately boils down to a matter of unclean hands.

The Court: Now, just a minute. I want to ask opposing counsel. Do you feel, assuming the court would find misuse after the trial of the case, that that misuse can be used to declare the patent invalid?

Mr. Simms: I don't think that misuse has ever been used at any time to declare a patent invalid. Misuse has been used to prevent the granting of relief sought as long as unclean hands existed, but I have never known of it happening—it may have, but I don't know of it happening after the initiation of a suit. In other words, my theory of trying a lawsuit is that you try it on the issues developed at the time of the filing of the complaint.

The Court: Well, that is my theory, unless there is a supplemental complaint filed which would bring it up to the time of trial. Here we have a trial, the case went up on appeal, and the misuse now which you want to set up happened after the decision of the Court of Appeals. We haven't got a new trial here. I am not going to grant a new trial. The Circuit didn't ask for a new trial.

Mr. Gregg: We are not asking for relief after judgment, because there has been no judgment. The only judgment that would do the plaintiffs any good in this case is a judgment [10] that there is infringement and an injunction enjoining the infringement. There has been no such action on the part of this court. We are here today to argue whether or not such a judgment should be rendered.

I have a case, *Hall vs. Wright*, 125 Fed. Supp., page 269, decided in September, 1954, by Judge Mathes of this court, relying upon a Circuit Court case, *Celite Corporation vs. Dicalite Company*, which is reported at 96 F. (2d), page 242, certiorari denied 304 U. S., page 363.

In the *Hall* case decided by Judge Mathes, I am quoting from the case at page 273:

“In brief it appears that suits filed in this and other courts were tried primarily to the trade. While pretending to look to this court of equity for justice, each side set about through myriad methods of self help to make their own justice.”

In other words, after suit was filed, which is the status and posture of this case here, and before there had been a final determination of the issues in favor of either party, which is exactly the situation here, Judge Mathes, relying upon the *Celite* case, held that the action of both parties in that case in going out and threatening and sending letters misrepresenting the situation to the trade constituted unclean hands and was the basis for denial of relief.

If your Honor prefers, this is a new matter, we

have [11] not been able to bring it to the attention of the court earlier because it has only come to our attention within the last week or ten days, I am perfectly willing that this matter be set down as a separate proceeding.

The Court: No. I have given you this day. We are going to dispose of the matter today. We are not going to continue the matter to any other time.

Mr. Gregg: I think I can dispose of it today.

The Court: Let's just pass over that phase of the case now. You have got an issue here that was raised in the pleadings.

You point out to me, if you can, what is in the record that shows that the claims did not particularly point out and distinctly claim the invention.

Mr. Gregg: Your Honor, I will first have to make a few brief remarks about the matter of infringement. The two devices are here. This is the plaintiff's device, Plaintiff's Exhibit 17, and this is the defendant's device, Plaintiff's Exhibits 26-A, -B and -C, lettered for the different parts.

Now, claim 1, your Honor, clearly calls for "means rotatably engaging the spring," and in connection with the issue of infringement, and I assume you are going to give Mr. Simms his opportunity to present that fully first, but I would like to briefly remark on that in this way. We contend that in the light of the history of the Stearns invention and in [12] the light of what the patent says upon its face, means rotatably engaging the coil spring electrode means wheels and rollers and nothing else, whereas we use no wheels or rollers

whatsoever. We use the wand here with the shoe on it.

In connection with claim 7, your Honor, I don't know whether Mr. Simms intends to rely on that any further or not. In connection with claim 7, that claim calls for the carriage or platform on wheels, the electrode and means connecting the carriage or platform mechanically and electrically with the electrodes, such that when the carriage is moved longitudinally along the pipe, it will cause a rolling motion of the electrode, which clearly is impossible in this situation. No matter what you do with this, this doesn't move, and no matter what you do with this, this doesn't move. The sole object of riding this instrument on the pipe is to take the load off the man's shoulder.

Now, your Honor, if claims 1 and 7 are given that interpretation, we have no interest in attacking the validity on the ground that they do not particularly point out and distinctly claim invention, but if the defendants wish to ignore the limitations in those claims, then most certainly we assert our defense that the claims are broader than the invention, that they do not particularly point out and distinctly claim invention.

The statute in force at present, your Honor is 35 [13] U. S. Code, Section 112, and I quote from that:

“The specification shall conclude with one or more claims particularly claiming the subject matter which the applicant regards as his invention.”

The previous statute, Revised Statute 4880, which is the old Title 35, Section 33, the language there was that the claim should particularly point out and distinctly claim invention.

Now, if the claims are construed to mean rollers or wheels on the pusher in connection with claim 1 and nothing more, and if claim 7 is construed to mean that there is a rigid connection and must be one between the carriage and electrode, such that we get this function, then the claims do comply with the statute as far as we are concerned, and we have no interest in contesting their validity, but we most certainly believe, and we have covered this very thoroughly in our brief, that the claims depart from the scope of the invention and do not comply with the statute.

The Court: Just a minute. Let me interrupt.

Mr. Gregg: All right.

The Court: I want to ask opposing counsel, what is the invention here? I held there was no invention because you had gathered together a large number of matters that were in the public domain and had created this apparatus, and I held there wasn't invention. Now, the Circuit says there is [14] invention. What is the invention? Is the invention the electrode or is the invention the carriage?

Mr. Simms: I think, your Honor, that the Court of Appeals has answered that.

The Court: All right. Where is it?

Mr. Simms: We are both bound by what they say.

The Court: Yes, I am bound. Where is it in the opinion?

Mr. Simms: You have the official report, do you?

The Court: I have the official report. If you will tell me about where it is——

Mr. Simms: I think I can tell you in just a moment.

Mr. Gregg: I have some extra copies of this opinion if the judge finds it more convenient to use this.

The Court: No. I have got this one marked up.

Mr. Simms: This is the part I want to read. It appears on—I imagine it would be about the third from the last page there. The paragraph starts out, “Without the support of the subsidiary findings.” Do you find that, your Honor?

The Court: Yes, I have got it.

Mr. Simms: Then if you go on down about four or five lines in the middle of the page, it reads:

“The elements of the Stearns combination do functionally operate differently in the combination than they did in their old surroundings.”

The Court: All right. [15]

Mr. Simms: “As we have determined, the spring electrode for the first time in its use in holiday detectors is rolled instead of being dragged. In the Stearns detector, the pusher rotably engages and forms a movable electric contact with the spring electrode so as to roll it and connect it electrically to the high voltage test circuit”;

Now, your Honor, we think that claim 1 is directed, and it is in accordance with the statement of the Court of Appeals, to the electrode in the form of a coil spring and adapted to have its ends connected about the pipe. Now, this is the electrode and it is adapted to have its ends placed about the pipe. Then the claim calls for means rotably engaging the electrode, and the means in this instance is the pusher.

And forming a movable electrical contact with the electrode, and that movable electrical contact with the electrode is the engagement of the bearing with the spring.

For rolling the spring along the pipe and for connecting it to the high voltage test circuit. This, of course, is the connection to the test circuit.

Now, certain of the claims are limited to carriages. Those claims would not be infringed by the devices——

The Court: Before we get to the carriage, I want to ask opposing counsel a question.

Mr. Sims: Fine. It is my thought claim 1 is not limited [16] to how the high voltage circuit is carried, whether it is in a shoulder strap or whether it is mounted on a pipe. The important thing, and that is the thing that the Court of Appeals found to constitute invention, was that we roll the spring. By this means it rotably engages, that being the words of the court, and forms an electrical contact.

The Court: I want to ask opposing counsel a question. Isn't it true now, assuming the carriages are exactly the same, assuming that the electrodes

are exactly the same, isn't it true that the only difference here is on the plaintiff's apparatus the electrode is connected to a bar that is permanent to the carriage, and on the defendant's apparatus, instead of having a connecting bar, you have a wand that can be used by the hand? It is connected with a wire? Isn't that the only difference between the two apparatuses fundamentally?

Mr. Gregg: Your Honor, I can see it is a difference, but I don't like the adverb "only."

The Court: Don't like what?

Mr. Gregg: I don't like to describe it as only the difference. It is an important difference.

The Court: What is the difference? In one you have got bar attached to the carriage. On the other, you have got a bar that is attached to the carriage with a wire. That is the only difference.

Mr. Gregg: Well, your Honor, I am afraid I would be [17] imposing upon Mr. Simms' argument with respect to infringement, but I think I can answer that for you very convincingly by going into the history of Mr. Stearns' invention, what he regarded his invention, according to his testimony.

The Court: No.

Mr. Gregg: And according to what the patent says on its face.

The Court: No. I am asking you a question here, a very simple question. The Circuit says there is an invention. The Circuit says there is an invention and there is the apparatus there that the Circuit says is an invention.

The Court: Now, on the other hand, we have

Mr. Gregg: Well, your Honor——
here a carriage practically the same thing. We have an electrode which is practically the same thing. The only difference here is the way it is connected to the carriage.

Mr. Gregg: Well, your Honor, Mr. Simms stopped reading at a convenient point. If we go back——

The Court: All right.

Mr. Gregg: To go back to the portion of the text of the Court of Appeals opinion, let's read all of it.

The Court: All right.

Mr. Gregg: "In the Stearns detector"—are you with me, your Honor?

The Court: You are not reading the same paragraph? [18]

Mr. Gregg: I am reading the same paragraph Mr. Simms read to you from the opinion, the paragraph beginning with "Without the support of the subsidiary findings."

The Court: I have got it. All right.

Mr. Gregg: Then down in that about halfway through, the sentence beginning, "In the Stearns detector"——

The Court: All right.

Mr. Gregg: "In the Stearns detector, the pusher rotatably engages and forms a movable electrical contact with the spring electrode so as to roll it and connect it electrically to the high voltage test circuit; and movement of the carriage longitudinally upon the pipe imparts a rolling movement to the spring electrode."

The Court: All right.

Mr. Gregg: But that doesn't happen here, your Honor.

The Court: The only difference here is that the rolling movement of the spring is caused in the Stearns apparatus by the moving of the carriage, and in the defendant's apparatus by the moving of the arm. Now, that is the only difference there is, absolutely all.

Mr. Gregg: Your Honor, we think the record shows conclusively and convincingly that Stearns regarded——

The Court: I don't care what the record shows. I have got the two apparatuses in front of me. They are exhibits. I can see what they do. [19]

Mr. Gregg: But, your Honor, we still have to go to the description in the patent. We still have to go to the testimony of the inventor himself as to what he regarded as his invention, and our defense here is based upon the language of the statute.

The Court: I am trying to find out the differences between the two things. That's all.

Mr. Gregg: You have stated the differences, your Honor.

The Court: I beg your pardon?

Mr. Gregg: You have stated the differences.

The Court: I suppose from looking at the two apparatuses that, at least the exhibit shows that probably the Stearns apparatus is—well, shall I say more streamlined, at least it is more enticing to the eye than the other apparatus, but as far as that is concerned, they both move up and down the pipe, and they both have four wheels.

Mr. Simms: May it please the court, there is one observation I think is important, and that is that the first machines made by the defendant didn't even have the difference your Honor pointed out. They were identical to this from the standpoint of manner of attachment. They employed the tongue secured to the carriage and were identical, and on advice of counsel, Mr. Rasor testified that they changed to this. I think it is important to note that they set out to take as exact a copy of what Stearns did as they could possibly do.

The Court: What do you say is the fundamental difference [20] between the two apparatuses?

Mr. Simms: I think that you named the fundamental difference, and I don't think it is a fundamental difference. It is just the desirability to integrate the machine where one hand will push it, or the hope that they might have some little difference to possibly avoid a patent infringement charge, and do the same thing in this fashion. I don't think there is a fundamental difference. I don't think there is a difference of any kind.

The Court: I am asking opposing counsel, then, what is the fundamental difference between them?

Mr. Gregg: The fundamental difference is an integrated instrument you can roll up and down the pipe in this manner, the whole thing together, and that integration, according to Mr. Stearns' testimony, was exceedingly important and it was the essence of his invention. In this case there is no integration whatsoever, whether this is rolled on a pipe or a man carries it. There is, as a matter of

fact, a pack strap version of this where a man carries it on his back. It makes no difference. This is not an integrated type of device.

For example, if there is a finding that my standing here operating the electrode and moving the carriage together, by doing that we get the same type operation that we get here, then of necessity it wouldn't follow where this is a pack strap instrument that I carry on my back, and I simply go [21] along here. The two simply can't be equated.

Mr. Simms: May I make one observation, your Honor? That is that claim 1, and counsel has always admitted it, has no recitation of the carriage at all in it. How that is carried, how the electrical high voltage test generating equipment is carried is just immaterial to claim 1. The important thing in the invention, as found by the Court of Appeals and stated in the patent and expressed in the claim, is the electrode and the means rotably engaging it to enable—rotably is the contractive word, rotate-able. That is exactly what we have.

As far as claim 1 is concerned, the carriage, whether it is here or not here, is entirely immaterial.

The only difference that there is—well, there is just no difference. One type of bearing as distinguished from the other bearing.

The Court: Well, the only difference I can see between the two detectors is the fact that there is a bar or a tongue upon the plaintiff's detector, which rotates the coil spring, and upon the defendant's detector, instead of having the bar attached to

the carriage, that is, attached permanently to the carriage, it is attached with a wire with a wand and the wand can be used by the operator. That's all the difference there is between the operation of the two.

Mr. Gregg: Well, your Honor, in connection with claim 1, there is another factor, and the claim does recite as an element, an element put in the claim during the course of the prosecution in order to overcome the objections of the examiner, that there must be means rotatably engaging the electrode, and I think the record convincingly shows what that means, and it excludes a construction of this sort. Now, that is in connection with claim 1.

The Court: Do you believe you could take the Stearns detector, saw off the bar or the tongue, and put a rod on it or a wand on it, avoid the patent?

Mr. Gregg: We do, your Honor.

The Court: That is your claim, then. The only thing you have here is the fact that the bearing is attached to the detector by a bar or by a tongue.

Mr. Gregg: The invention, as conceded by Stearns, was an integrated instrument. If you don't have an integration——

The Court: You know, I didn't think there was invention under the decision of the Supreme Court.

Mr. Gregg: Your Honor, we are still of that opinion.

The Court: The Circuit says I can't read. So there is invention. I don't know. I am going to have to take the Circuit's word that the Stearns patent is an invention. There is an invention here.

Mr. Gregg: The question is, what was the invention?

The Court: Well, it doesn't make any difference what the invention was if you have copied it. It seems to me that here [23] is fundamentally a copy.

Mr. Gregg: Your Honor, the invention has to be set forth in a claim, and the claim is invalid unless it states the invention. Our position is that——

The Court: Well, the Patent Office felt that the claims stated an invention. Of course, I am not bound by the findings of the Patent Office, but that is something at least the court could consider.

Mr. Gregg: Our problem is to determine what was the invention in those claims? In the case of claim 7, it is quite apparent from a reading of it what the invention was. It was an assembly of components whereby when the carriage is moved longitudinally along the pipe, it will cause a rolling motion of the electrode.

The Court: Do we have a copy of the patent?

Mr. Gregg: I have a copy of the patent. I intended to offer it up to you. This is somewhat marked up, but it is legible.

The Court: I had a law professor who said a law book without marks in it wasn't of any use. So I have always marked up law books and exhibits. Go ahead.

Mr. Simms: May it please the court, I would like to observe, I think counsel might best take the infringing structure first to distinguish claim 7 from the first infringing structure, and then show the distinction. Bear in mind that we are [24] pressing primarily claim 1 against this structure.

Mr. Gregg: Are you dropping claim 7 or are you urging it?

Mr. Simms: I think, your Honor, my statement is correct. We are pressing primarily claim 1. We leave claim 7 as to the structure up to your Honor. We think it is infringed. Your Honor may or may not.

Mr. Gregg: I think that is tantamount to a concession of the weakness of their case with regard to claim 7.

Mr. Simms: The thing I want to do is talk about the first model, because there can be no question whatsoever of any infringement of that. It is a copy of the patent. It is a copy of this device.

The Court: We don't have an exhibit of the first model, do we?

Mr. Simms: We don't have that, your Honor. We sought that information on an interrogatory. We asked them to give us a picture or drawing, something to show it. They gave us merely a word picture. In the trial that word picture was stipulated to be an accurate description and read by the witnesses on the patent drawings, and no question was ever made as to it.

Mr. Gregg: Your Honor, I think we could get those early activities out of the way very briefly. They occurred in 1948. They were actively carried out by the individual defendants, John Razor and Leo Tinker, before the corporate defendant [25] Tinker & Razor was formed. We concede as to two or three instruments manufactured by Mr. Razor and Mr. Tinker individually, that they were infringements of claim 7, if claim 7 is valid. We concede that.

But we would also like to point out they did it innocently. That does not relieve them from liability, but we would like to point out that they knew nothing about the Stearns patent. As a result of building those, they learned about the Stearns patent and they changed their construction on the advice of counsel to avoid infringement.

I don't see why Mr. Simms keeps dragging in this red herring of the early infringement. We concede the infringement if the claims are valid.

The Court: Well, let's look at claim 1. Claim 1 says——

Mr. Gregg: I have a breakdown of claim 1 and a breakdown of claim 7, if it will assist you.

The Court: Well, let me read claim 1.

“An electrical exploring device for detecting defects in an insulating coating on an elongated member which comprises——

Now, you don't find any objections so far, do you?

Mr. Gregg: No.

The Court: “* * * which comprises an exploring electrode in the form of a coiled spring.”

Do you find any objection so far?

Mr. Gregg: No, your Honor. [26]

The Court: “* * * adapted to extend about such member * * *”

No objection?

Mr. Gregg: No objection.

The Court: “* * * and having its ends secured together to completely embrace such member.”

Any objection?

Mr. Gregg: No objection.

The Court: “* * * and means rotatably engaging and forming a movable electrical contact with said spring * * *”

Any objection?

Mr. Gregg: Your Honor, at that point I do. We contend in the light of the history of what Stearns did before he filed his application and what he plainly states in his application, that the phrase “rotatably engaging” means one thing and only one thing, wheels or rollers on the pusher. If the plaintiffs are satisfied with that interpretation of the claim, we have no objection. If they insist——

The Court: You mean to say that you can’t infringe unless you have your connecting member using an apparatus that rotatably engages the spring, is that right?

Mr. Gregg: Your Honor, that is ambiguous right on its face. Being ambiguous, we have to go to the patent to determine what it means. We go to the description in the patent, and it plainly tells what it means. It means wheels or rollers. [27]

Our objection arises from the elastic way in which the plaintiffs seek to interpret that language, “means rotatably engaging.”

The Court: If that is your complaint as to claim 1——

Mr. Gregg: That is our position, your Honor.

The Court: That is your position on claim 1?

Mr. Gregg: I am prepared to go down through the record pointing out the Stearns testimony and the language in the patent to vindicate our position. It has been thoroughly briefed. I am prepared to argue it orally at this moment.

The Court: That is your complaint as to claim 1, is that correct?

Mr. Gregg: That is correct. We have no complaint as to claim 1 if that language is properly construed.

The Court: Now, is there any complaint as to claim 2?

Mr. Gregg: Claim 2 is not in issue. The only other claim is claim 7.

The Court: No. 3?

Mr. Gregg: No.

The Court: The only complaint is as to claim 7 otherwise.

Mr. Gregg: That is correct.

The Court: Let's read claim 7 then.

"In a device of the character described, a carriage comprising a platform on wheels." [28]

Any complaint so far?

Mr. Gregg: No objection there, your Honor.

The Court: "'* * * an exploring electrode in the form of a flexible elongated member of circular cross section * * *'"

Any complaint?

Mr. Gregg: No, your Honor.

The Court: "'* * * and of an electrically conductive material adapted to embrace such member adjacent said carriage.'"

Any complaint?

Mr. Gregg: No.

The Court: "'* * * and an electrode pusher and contactor carried by and electrically insulated from said platform * * *'"

Any complaint?

Mr. Gregg: None, your Honor.

The Court: “* * * and having parts in electrical and mechanical contact with said electrode whereby movement of said carriage longitudinally along a member to be tested will cause a rolling movement of said electrode along such member.”

Any complaint?

Mr. Gregg: We have no complaint. We have no objection. Again, as in the case of claim 1, if properly construed, we have no objection. If improperly construed, we certainly object.

The Court: Then you are coming down to argue the question [29] that the question here is the way the electrode comes in contact with the carriage?

Mr. Gregg: That is correct.

The Court: You say if it doesn't come in contact with wheels, then there is no infringement.

Mr. Gregg: Your Honor, in connection with the functional language at the end of claim 7, the elements are cited, the carriage comprising a platform on wheels, the exploring electrode, and the electrode pusher in contact, if that is to have any meaning at all, they must be combined in such manner that movement of said carriage longitudinally along a member to be tested will cause a rolling movement of said electrode along such member.

Our device does not do that.

The Court: Your device does everything that the plaintiff's device does except the actual contact of the pusher or the arm with the electrode?

Mr. Gregg: That is a very important difference, your Honor.

The Court: That is the only thing that is different here. On the plaintiff's electrode they have wheels come in contact with the electrode. On yours, you have a flat surface bearing.

Mr. Gregg: We think that is a very important difference, your Honor. The record amply shows the difference. [30]

The Court: Well, personally, I can't see very much difference. Of course, I am not in the business. If I were in the business, I might see a lot of difference. But I can't see very much difference.

Mr. Gregg: Your Honor, would you care at this time, or later after Mr. Simms has spoken, to hear me on the question of the testimony at the trial, the language of the patent, what the record has to say about these features which are differences? We all agree there are differences. The point of disagreement between the two parties is the importance of those differences.

The Court: Suppose we have apparatus that is perfected. It is made of 100 different things that are in the public domain. They are free to everybody. Somebody comes along and takes 100 different items that are free to everybody and combines them into an apparatus which they claim to be an invention.

Then supposing somebody comes along and uses 99 of those same things and changes just one, just makes one change? Instead of using a round object, maybe he uses a square object.

Let's assume in the first place the Circuit declares there is an invention. Now, the fact that you change the contour from a square to a round object, would that throw out the invention? [31]

Mr. Gregg: Your Honor, I think I can answer the question in this manner. To take your hypothetical case of 100 components, if the invention resides in the combination of those 100 components, and if one of them is omitted altogether, then clearly there is no infringement.

If, instead of one of the elements they omitted one is substituted for it, then we have to consult the doctrine of equivalents to find out whether the element substituted or the substituted element is the equivalent of the one whose place it took.

We contend there is no room for the doctrine of equivalents in this case.

The Court: Well, let's assume that they took 100 different elements, 100 different things that were free and open to the public and created something that the Circuit said, "Well, this is an invention. Although all the 100 different items were open to the public use, nevertheless they had been combined in such a way as to bring about a new result, and this is invention."

Another party comes along and uses 99 of them, but they substitute on one. Now, is there infringement?

Mr. Gregg: Your Honor, I am glad you used the phrase "new result." Let's direct our attention again to Claim 7. The plaintiffs admit each of the elements, the carriage, the platform on wheels, the

pusher contacting the spring, are old. [32] They have made that admission. They are bound by it. Now, it is quite clear under the A. & P. case, which hasn't been overruled, that the union of the elements must operate together to produce some new and unexpected result.

Now, what is that result? It is set forth in Claim 7.

“whereby movement”—this is the only thing that is alleged to be a new result——

“whereby movement of said carriage longitudinally along a member to be tested will cause a rolling movement”——

The Court: As I remember it, plaintiff was the first one to use that sort of a spring.

Mr. Gregg: He concedes the spring is old.

The Court: You introduced a switch spring, which I thought was similar, but the Circuit didn't agree. If I understand it right, the plaintiff is the only one who used this sort of a spring.

Mr. Gregg: The plaintiffs have admitted that the spring is old. They have also admitted Mudd used the spring. They operated the spring in a different way.

The Court: They admit the spring was old, but they didn't admit the use of the spring was old.

Mr. Gregg: It is their way of operating the spring that is new, your Honor.

The Court: That's right, the way of operating the spring. [33]

Mr. Gregg: We do not operate our spring that way.

The Court: What you have done here is the plaintiff has taken 50 or a hundred different items that were in the public domain and created their device. The defendants have come around and used the same thing. They have made one change. That is, instead of having the pusher attached permanently to the carriage and attached by means of wheels underneath the tongue, the defendants have used a rod which is connected with the pusher by a wire, and instead of using wheels, they have used a flat surface. They get exactly the same result, rotation of the spring pushed along the pipe.

Mr. Gregg: Your Honor, you seem to be impressed with the integrated structure of the defendant's device, which is relevant only to Claim 7. You have heard Mr. Simms say they don't attach very much importance to it.

The Court: I have to be impressed with it. The Circuit has impressed me with it. I wasn't impressed with it at the trial, but the Circuit changed my mind.

Well, I notice it's 11:00 o'clock. You know, the person that does the most work in a case like this is our reporter.

Mr. Gregg: That's right.

The Court: He is supposed to get everything that is said taken down. When several of us speak at the same time, it's a tough job. So I think we will give our reporter a few minutes' [34] rest. We will take our recess now until 15 minutes after 11:00.

(Recess.)

Mr. Gregg: If your Honor please, you were concerned with and raised some very searching and pertinent questions as to the substitution of one element for another, and I would like to go into that very briefly in connection with the record, but before doing that, your Honor, I would like to hand up to you a photostatic copy of a letter sent by Mr. Simms to one of our customers, the Pioneer Natural Gas Company, and I will mark on this letter the relevant statement.

Mr. Simms: May it please the Court, I do object to this because this is the letter we talked about earlier. All it is is a charge of infringement which the law imposes the duty upon us to do. It is something that transpired after the filing of the suit, after the trial of the suit, and after the Court of Appeals decision.

Mr. Gregg: Your Honor, it is relevant to the very question you raised about the significance of substituting one element for another. I would like at least an opportunity to explain why we think it is relevant.

Your Honor, the first paragraph of the letter to the Pioneer Natural Gas Company—I wonder if possibly we could have a copy marked for identification as the defendants' exhibit next in order so that the record will show what it is. [35]

The Court: It may be marked for identification only.

Mr. Gregg: Yes, for identification only, your Honor. I believe that will be Defendants' Exhibit LL. I think we got up to KK at the trial.

The Clerk: LL for identification.

(The document referred to was marked as Defendants' Exhibit LL for identification.)

Mr. Gregg: Speaking then, your Honor, of Defendants' Exhibit LL, the first paragraph reads as follows:

"It has come to the attention of our client, the D. E. Stearns Company, Shreveport, Louisiana, that your company is using holiday detector equipment which infringes Claim 1 of their United States patent 2,332,182."

Now, your Honor, that is the patent in issue here, and Claim 1 is one of the two claims in issue.

I presume that Mr. Simms, who signed this letter, or somebody acting for him, made an inspection of the instruments which the Pioneer Natural Gas Company was using. If they did, Mr. Rasor is ready, willing and able to take the stand and so prove, if he did, he would have found that the only instruments that the Pioneer Natural Gas Company had, which they had acquired from Tinker & Rasor, were one or two or three instruments of the type of Plaintiffs' Exhibit 26-A, -B and -C, together with one or two shoulder strap instruments in which the [36] wand and the coiled spring electrode are used, but the electrical apparatus is carried on the shoulder.

In other words, your Honor, I think we have made out a prima facie case that in charging infringement based upon inspection of the product sold by the defendants, that they have agreed Claim

7 was not infringed, because, for the reason I have been arguing, the integration of the instrument, movement of the platform or carriage on wheels causes rolling movement of the electrode. You can move this up and down as much as you please and it does not cause rolling movement of the electrode.

If Mr. Simms is taken by surprise, we are perfectly willing, with the Court's permission, to initiate supplementary proceedings in this action. We would love to.

Mr. Simms: May it please the Court, I object to trying a lawsuit against Pioneer Natural Gas Company in this suit vs. Tinker & Razor. Now, there must be an end to litigation some time. If we are going to instill all these issues involving detectors which are not in issue here and as to which there has been no evidence here—in this case we have put in evidence as to the alleged infringing device. We have got to draw the line some place.

The Court: May I ask counsel, what is the purpose of this letter? What are you trying to show?

Mr. Gregg: Are you asking me, your [37] Honor?

The Court: Yes, I am asking you.

Mr. Gregg: The purpose is to show this, that the plaintiff, knowing that the instrument which the Pioneer Natural Gas Company has purchased from the defendant Tinker & Razor is an instrument in which the electrode is moved by a wand type of pusher is not an infringement of Claim 7, because they have alleged infringement only with respect to Claim 1, has written this letter. There is an ad-

mission. Why is this? What inference can we draw, your Honor?

The Court: Is there an objection?

Mr. Simms: Your Honor, there is no admission whatsoever——

The Court: Is there an objection?

Mr. Simms: There is an objection, your Honor.

The Court: Sustained.

Mr. Gregg: Your Honor, I would like to offer Defendants' Exhibit LL in evidence.

Any objection, Mr. Simms?

The Court: Is there objection?

Mr. Simms: I object, your Honor.

The Court: Sustained.

Mr. Gregg: May I have the grounds for the objection, your Honor?

Mr. Simms: On the grounds previously stated. It is irrelevant to the issues of this case, particularly as to the purpose for which it was offered, for the purpose of determining [38] some sort of an admission that some other claim is not infringed, because it isn't mentioned.

The Court: As I read the Circuit's opinion, the Circuit did not order a new trial. "The judgment of the Court below is reversed and the cause remanded for further proceedings not inconsistent with this opinion."

I haven't granted a new trial. The only thing that I think I will do is make new findings of fact and conclusions of law. I am not going to take any new evidence. I am going to make new findings of

fact and conclusions of law on the evidence already submitted.

Mr. Gregg: Your Honor, we submit that the judgment favorable to the plaintiffs in this action has got to be bottomed upon a finding of equivalents between the two structures.

The Court: Well, I will make the finding. You can argue there is no evidence to sustain the finding.

Mr. Gregg: We are being denied the opportunity to present evidence that the plaintiffs themselves admit there is no equivalence, speaking of Claim 7.

Did you wish to say something to the Court, Mr. Simms?

Mr. Simms: Not now.

Mr. Gregg: With your leave, your Honor, I would like to proceed now with a discussion of the record insofar as it throws light on Claim 1. [39]

The Court: Now, if you want to protect your record and make an offer of proof in regard to this exhibit, I will allow you to make an offer of proof.

Mr. Gregg: We will make an offer of proof, your Honor.

The Court: I may disagree with you, but I am certainly in agreement that you have a right to make your record.

Mr. Simms: Your Honor, I want to make one point there, that the defendant has rested its case.

The Court: I know.

Mr. Simms: Then that's all right.

The Court: If he wants to make this offer, I

will refuse to receive the letter in evidence. It may be important for him to make the offer. I think he should be allowed to put in the record his offer of proof, what he wants to establish by this letter and the reasons why. I don't know how you are damaged in any way or affected in any way.

Mr. Simms: I think the rule provides for that, but I did want to make the additional ground for objection, which has been sustained. As I understand it, the defendant has rested his case. That is the reason for making this statement.

The Court: Make your offer of proof.

Mr. Gregg: We make our offer of proof, your Honor.

Now, your Honor, in connection with Claim 1, upon which the plaintiffs' claim chiefly relied, Stearns' testimony at the trial was that he experimented with a block type [40] of pusher, and that was sketched and illustrated in what is now Defendants' Exhibit B. I have an extra copy of that, which I would like to hand up to the Court. You will note it is a simple block of wood with a U-shape cut in it intended to fit over a spring.

Now, Stearns' testimony in the record was that the sole object of his experimenting with Exhibit B, the block type pusher which had no roller or wheels connected with it, was to determine whether it would roll a spring. He further testified it was a faulty pusher. He further testified he discarded it, abandoned it, and never used it again.

Reading now from the transcript, pages 43-44—

this is the typewritten transcript in the trial court—I quote:

“Q. What did you do when you pushed on it”——

The context will show, your Honor, it refers to Exhibit B.

“Q. What did you do when you pushed on it for quite a while and it rolled the spring?

“A. I observed the action of the spring, the action of the connector, and looked underneath to see what was going on at the bottom of the pipe, looked at the sides and noted whether or not the spring followed along together and whether there was any slipping, any slipping motion, and I particularly noted that with the end of the pusher block down over the top of the spring, that each time you would reverse direction of [41] the spring, that is, going from forward to backward and motion, that there was a break in contact between the spring and one of the metal contacts on either side, whichever it might be, and then decided there would have to be some means of articulation furnished. If you are going to fasten a pusher onto a carriage frame and make it as an integrated holiday detector, that was important, because in changing the direction, the break was made between the electrode and the pusher contact, and that would cause a spark to occur and get a registration of the light and bell signal, which would be false.”

Now, reading from the transcript again at page 71, I quote:

“Q. Did you conduct electric current through

the spring, Mr. Stearns? That question was directed to the block type pusher, the pusher without the wheels or rollers as shown in Exhibit B.

“A. Not in this respect.

“Q. What was the object of that test?

“A. To determine whether or not the spring would roll.

“Q. Is that as far as you went with that type of pusher, Mr. Stearns, or did you continue with it further? A. Never used it again.”

Now, your Honor, it is clear that Stearns did not regard a block type pusher as suitable as a component of a holiday detector. It would not work and he discarded it. He [42] never used it again.

That is somewhat analogous to the Mudd situation dwelt upon at some length in the Court of Appeals decision, where Mudd also experimented with the coil spring electrode and the Court of Appeals dealt with that very summarily and dismissed it on the ground mere experimentation and belief would not avail the party anything.

Now, turning to the Stearns patent itself, your Honor, the patent does not describe a pusher anything like the discarded or abandoned Exhibit B. It describes a pusher which has wheels or rollers. One such pusher is shown on Fig. 10 of the patent, your Honor.

If you will turn to the Stearns patent, Fig. 10 is on sheet 4 of the drawings, the first set of the drawings, in the upper right-hand corner of that drawing, if you will turn it around edgewise.

Now, rollers are shown in Fig. 10. The pusher

is shown. There are wheels 46 and 47, which contact the pipe, your Honor. They are the lower set of wheels. They roll on the pipe.

Then there are wheels 44 and 45, which are in contact with the wheels 46 and 47, and are driven and rotated by it.

Now, quoting from the Stearns patent—I am now referring to page 2 of the description, the right-hand column, [43] lines 47 to 56—I am quoting as follows:

“It is intended that when the wheels 46 and 47”——

Those, your Honor, are the wheels which roll on the pipe.

“* * * when the wheels 46 and 47 are employed, they shall serve as friction wheels to provide frictional engagement with the surface of the pipe and with the wheels 44 and 45, so that when the device is moved along the pipe, the wheels 44 and 45 will be made to rotate. These wheels in such case are provided with knurled surfaces 55 which are intended to contact the exploring electrode, which is in the form of a coiled spring 56.”

Now, your Honor, there is only one other form of pusher shown in the Stearns patent, and that is shown in Fig. 15. Fig. 15 is in the first page of drawings in the upper left-hand corner, if you will turn to that.

Now, I would like to quote the description.

Referring to Fig. 15, there are only two wheels shown, 68 and 69. Those rotating on the pipe are omitted.

I would like to refer you now to the text of the specification, which is on page 3, left-hand column, lines 4 to 7, beginning at line 4, and I quote from the Stearns patent:

“It has been found that under many circumstances the use of the wheels 46 and 47 is unnecessary and under such circumstances these are omitted as shown in Fig. 15.” [44]

Thereafter, your Honor, follows a detailed description of this type pusher, and then dropping down in the same column, the same paragraph, to line 24, I quote again:

“Wheels 68 and 69 must rotate easily to cause proper propulsion of the electrode while permitting it to rotate.”

Now, your Honor, I think we are all agreed if there is an ambiguous term in a claim, we must go to the specification in the drawings to determine the meaning of that phrase. One case in point is *Schriber-Schroth vs. Cleveland Trust Company*, which is referred to in our brief, and another one is *Snow vs. Railway Company*, 121 U. S., page 617. I would like to quote from the *Snow* case, because I think the language is applicable to the situation here. This is from page 630 of the Report.

“It is not admissible to adopt the argument made on behalf of the appellants that this language is to be taken as a mere recommendation by the patentee of the manner in which he prefers to arrange these parts of the machine. There is nothing in the context to indicate that the patentee contemplated any alternative for the arrangement of the piston

and piston rod. The arrangement of the valves, as shown in the drawings, he declared not to be essential, and explained how they might be otherwise adjusted, and the comparative advantage [45] and disadvantage of those plans; but no such language is used in reference to the connection between the piston and its rod."

I think that language can be applied without change to this substituting one part for the other.

The defendant has said definitely they must use wheels, they must either be positively driven as shown in Fig. 10 and as finally set forth in the specification, or, if they are not driven, they must rotate easily in order to obtain proper operation of the electrode. What does that mean? It means they must be there.

Now, your Honor, we submit that the history of the Stearns invention prior to the application, the fact that he experimented with a pusher resembling ours, and then discarded it, and he discarded it for a reason, because he thought it was not a proper type pusher, that, taken in connection with the very clear language of the patent that wheels must be used on the pusher and they must be either driven or at any rate rotated, he said, that, taken in connection with this further fact that that critical language, means rotatably engaging, which appears in Claim 1, was inserted by amendment.

The examiner rejected Claim 1, which was Claim 3 of the application and became Claim 1 of the patent. In response to that rejection, that language was put in. It was put in for a purpose. The purpose

was to persuade the examiner, and [46] it was allowed on that basis. The applicant is estopped to assert any further scope to that claim than is plainly stated on its face.

The Court: If I understand your argument correctly, then, if you take the Stearns detector and you copy it, except in the pusher, in the bar, you didn't use a wheel, but you used a flat surface, there wouldn't be any infringement.

Mr. Gregg: Your Honor, we don't minimize it. We think that is a very important difference and we think it is borne out.

The Court: Well, assuming that is the only difference, there certainly must be some cases wherein a patent, where the patent calls for a wheel and the infringer didn't use a wheel but used a flat surface. There must be some cases along that line, certainly.

Mr. Gregg: There are some cases, your Honor.

The Court: What did the courts hold? The fact that they used a flat surface instead of a wheel, was that sufficient to cause a voidance of the patent?

Mr. Gregg: Your Honor, the precise mechanical analogy, I don't have a case on that, but I do have a case—there are a number of them cited in our brief, but I would like to direct your attention to a Supreme Court case, Exhibit Supply Company vs. Ace Patents Corp., 315 U. S. 126. Now, that case deals with the doctrine we are concerned with here, the doctrine [47] of file wrapper estoppel. The patent may be entitled to a range of equivalents so

that the substitution of one part for another would not nevertheless avoid infringement.

Now, we contend strenuously, your Honor, the part we substituted is quite different functionally, but assuming the contrary, nevertheless, they are different articles, the pusher that we use and the pusher that they use. They could only embrace ours within the scope of Claim 1 if they rely on the doctrine of equivalents, but as plainly set forth in the Exhibit Supply case, if there is file wrapper estoppel, you cannot invoke the doctrine of equivalents. You have wilfully, voluntarily, relinquished a position in the Patent Office in order to persuade the Patent Office to allow the claim, you have inserted a limitation, and you cannot then rely upon the doctrine of equivalents to expand it.

The Court: Well, let me ask opposing counsel. Have you got any case in which the infringer, instead of using a round surface, used a flat surface? Instead of using a ball, he used a flat surface?

Mr. Simms: Your Honor, I don't have a case that refers to those mechanical elements, but I do have a case I think is very controlling in the law set out, and that is that you have got to remember—well, the case is *Kennedy, et al., vs. Trimble*, 99 F. (2d) 786-88. At 788 is where I think the pertinent portion is. [48]

The Court: 99 F. (2d) 786 at 788.

Mr. Simms: Yes. Now, the significance is this, your Honor. Claim 1 doesn't call for rollers. Claims 2 and 3—

The Court: No, but your diagrams do.

Mr. Simms: That is true, your Honor. But claims 2, 3, 4, 5, 6 and 8 all call for rollers. Now, here is what the court stated, that where you have a broad generic statement in one claim and a specific statement in another claim, that it is improper to restrict the broad statement to what is shown in the patent drawings. This is a quotation:

“We have said that a court should never interpret a positively recited generic expression as limited to the precise instrumentality disclosed by the patent, except for such narrow interpretation as is necessary to distinguish the claim from the prior art.”

That was not necessary, as pointed out by the Court of Appeals. The Court of Appeals said that the important thing here was to attach this spring so that there was nothing to pull it away from the pipe, and to provide a means for rolling it and making the electrical connection.

That is the terminology of the claim, and where another claim has a specific statement, you can't imply the specific limitation to the broad claim. This quotation continues:

“Where a patent contains both a broad and [49] a narrow claim and the suit is brought on the broad claim, the court will not read into the broad claim a limitation not therein expressed, but which is expressed in the narrower claim. To do so would be to change the contract between the public and the patentee.”

Now, the patent statute provides that you don't need to show all your embodiments.

The patent is under Section 112 of 35 U.S. Code.

“The specification shall contain a written description of the invention and of the manner and process of making and using it in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.”

He sets forth what he contemplated to be the best mode, but is not limited to the best mode.

The inventor thought that it was much easier to go down the pipe and to roll the electrode with one hand than it was to use a block or a wand type pusher, in other words, a non-rolling bearing, and have to use your hands to operate the device. [50]

The inventor showed his preferred method. He gave a complete description and claimed the invention with the rollers or without the rollers.

Now, in claim 1 he claims invention and in claim 7, without specifying rollers. In all the other claims he specifies rollers. That is a fundamental point of patent law.

I have got several other decisions like that, if you would like them, to that effect, that where a claim is generic, you can't imply the limitation contained in another claim into the broad claim.

Claim 1 does not contain rollers. Other claims do contain rollers. It is improper to imply the rollers into the broad claim.

The file wrapper, I do want to comment a little bit on that. When the words "rotatably engaged" were inserted, along with that insertion was a comment in the form of remarks, the argument to the Patent Office. In that argument it was pointed out that the prior patents that were relied upon by the examiner, which showed springs as connectors, in none of those was the spring free to roll. It couldn't roll. As amended, the claim definitely provides that the spring is free to roll and not drag.

Now, here is that statement from the file wrapper.

Mr. Gregg: Will you locate the portion of it, Mr. Simms?

Mr. Simms: It is in amendment A. [51]

"Claim 3 has been amended to specify that the means forming the movable electrical contact with the spring rotatably engages the spring and rolls the spring along the elongated member which is being tested."

That is the important thing, to rotatably engage it and move it and move it along the pipe.

It is pointed out that in neither of the patents to Lenz, Guy or Jensen—that is what the examiner had relied upon—is the coiled member capable of rotation along the member which is to be tested, and in no case is it mounted so that it could be rotated or rolled along such member.

In each case the means which engages the coiled member would hold it against substantial rotation.

It is therefore respectfully submitted that claim 3 should be allowed over the patent to Barlow taken with the three patents above referred to.

That is a very clear statement that the thing which distinguishes this claim is that we have a connection which is capable of rolling that spring where you didn't have that kind of connection in the prior art. That is the thing that the Court of Appeals said constituted invention, that Stearns was the first to roll the spring instead of dragging it.

So the Patent Office allowed the claim with that argument. The Court of Appeals has sustained it upon a very [52] similar argument, that means rotatably engaging means to permit the rolling.

Now, a pencil wouldn't do it because it wouldn't make an electrical contact, but here we have all the parts. We have the means engaging it or rolling it along the pipeline, and for electrically connecting it to the high voltage test unit.

Your Honor, this isn't even a case that requires equivalents, I mean that is within the terminology of the claim. This doesn't require any equivalents. That is a means rotatably engaging. If it were not, it couldn't roll.

That is the thing we pointed out to the Patent Office, that the claim now provided a means for engaging, to roll the spring along the pipe.

The Court: All right. You can proceed.

Mr. Gregg: Your Honor, I would like to hand you a copy of Defendants' Exhibit HH for convenience and reference, that being a description of the history of claim 3 of the Stearns application, which became claim 1 of the patent. You will note certain language which was interlineated, part of

which is the rotably engaging—I believe that is a typographical error, it should be rotatably engaging, and other language was added at the same time, and for rolling said spring along said member.

A good deal, if not all of the remarks of the attorney for Mr. Stearns in connection with that amendment which [53] Mr. Simms has called to your attention could well apply to the language, “and for rolling said spring along such elongated member.” But the means for accomplishing that result was rotatably engaging.

There is very clearly, your Honor, an ambiguity with regard to that.

Why do we have to go back to the ambiguous statements that were made by the attorney in the argument before the patent examiner when we go to the very document, the patent itself, which says so plainly on its face, you must use wheels and if you don't drive the wheels, at the very least they must rotate easily; otherwise you don't get proper propulsion of the electrode. Those are facts, your Honor, coupled with the testimony of Stearns that he satisfied himself that a block type pusher would roll the spring, but it was no good and he abandoned it, and he didn't describe it in his patent.

One or two other points, your Honor, raised by Mr. Simms' argument. He used the phrase contract with the public, that it would violate the contract of the applicant with the Patent Office to narrowly construe the claim. That can apply the other way. Here the contract with the public was that the claim was to be limited to means rotatably engag-

ing, and if he hadn't put that in, he wouldn't have got it. He isn't entitled to any doctrine of equivalents and he must rely upon it in this case. [54]

Also with regard to a remark by Mr. Simms that an applicant is not required to show all the embodiments of his invention, that is true. That is a correct statement of the law. But when he points to some particular claim—to use the example, the analogy you drew, your Honor, about a man who takes 50 parts and assembles them together, uses this part and this part and this part and some other part, and as to a great many of them, he makes no particular remarks, whether he would substitute something for it or not, but he focuses attention on one particular part and he says this must be and must operate so-and-so, that brings us precisely within the *Snow vs. Railway* case, where an applicant cannot blow hot in the Patent Office and then cold later on.

That concludes my argument as to the infringement issue. I have also concluded my argument with respect to the validity of the claims, repeating that if the claims are properly construed, we have no quarrel with them, but if they are to be stretched to cover our device, we think they are invalid.

That still leaves the issue of misuse, which I have not touched upon, and I would like to make a further offer of evidence in connection with the letter which is now marked for identification as Defendants' Exhibit LL, an identical letter to another customer in connection with the charge of unfair competition. I don't know whether you de-

sire I go into those issues at this time, or give Mr. Simms an opportunity. [55]

The Court: If the only argument you have about misuse is something that happened after the trial of this case, then I have sustained the objection to the letters.

Mr. Gregg: The misuse issue——

The Court: If you don't have any evidence of any misuse in the record prior to the filing of the complaint, I don't think I will hear any——

Mr. Gregg: We do, your Honor, have evidence of misuse.

The Court: What evidence have you got in the record of misuse?

Mr. Gregg: I will be glad to go into that, your Honor. Our position briefly is this, and this goes not to the recent activities of plaintiff in connection with threatening our customers with infringement and, we believe, misrepresenting the holding of the Court of Appeals, but this topic I am going to discuss now has to do with events that occurred prior to the trial. Very briefly, it is this. We contend that the plaintiffs are not entitled to relief even if the patent were held valid and infringed, they are not entitled to relief, because they have been using their patent to obtain a monopoly on unpatented materials. Now, the cases on misuse, beginning with Motion Picture Patents Company——

The Court: Yes, I am familiar with that rule of law, but where in the evidence is there any evidence of misuse?

Mr. Gregg: All right, your Honor, I will get right to it. [56]

The claims of the Stearns patent, even if they are broadly construed, your Honor, as broadly construed as plaintiff seeks to construe them, still cover only a small portion of the Stearns holiday detector.

Now, I would like to point out Mr. Stearns testified, and the point of his testimony is the transcript pages 134 and 135, that the electrode and the pusher combination, this being the electrode and the pusher right here, costwise accounted for only about 10 per cent of the cost of the complete Stearns holiday detector, that the electrical apparatus, which is in the case and which forms a major part of the detector, is not involved in this patent suit at all, it is not covered by the patent, and in fact it is disclaimed on the face of the patent.

We refer to the Stearns patent, page 3, column 1, line 75, where the following language will be found:

“While it has been explained that the actual structure and arrangement of the electrical high voltage source in the cabinet 15 forms no part of this invention * * *”

Therefore, we are concerned with a patent on a few elements of mechanical equipment, but along with it Mr. Stearns provides customers with a complete detector, including a great deal of equipment——

The Court: Well, is there anything wrong with that?

Mr. Gregg: There is in the way he handles it, your Honor, which I am now coming to. Stearns

testified, and his testimony [57] will be found in the transcript, pages 131 and 132, that he follows the unyielding policy of leasing only the entire detector.

We do not contend, your Honor, there is anything illegal about leasing, rather than selling, but we do contend strenuously that it is unlawful to lease in the manner in which Stearns does lease, namely, this. He will lease to customers only a complete detector, and most of that detector is not covered by his patent.

This, then, requires Stearns' customers who wish to avail themselves of the structure of the patent to take with it unpatented equipment, and that, we submit, your Honor, is a violation of the law.

One of the most recent cases on the subject, which is covered in our brief, is *Cardox vs. Armstrong Coalbreak Company*, which is reported in 194 F. (2d), page 376, *certiorari* denied in 343 U.S. 979.

The Court: 194 F. (2d)?

Mr. Gregg: Yes, your Honor, 1942 F. (2d) 376.

Now, your Honor, in the *Cardox* case the patent was on a blasting cartridge used in mining operations. The policy followed by the plaintiff in the *Cardox* case was to lease the patented cartridges only as part of what was known as an *Airdox* unit, that being their trade name, just as Stearns has a trade name. An *Airdox* consisted of the patented cartridges [58] and also an unpatented motor, compressor, and some other equipment.

The plaintiff argued in that case, just as the plaintiffs argue in this case, that this lease agree-

ment, this tying in of patented and unpatented materials, left the lessee free, if he wished, to buy unpatented material from other people, motors, compressors, and so forth, to use in them, but the court rightly observed that this was still a misuse and illegal tie-in of patented and unpatented equipment, for this reason, and I am quoting from the opinion of the court:

“The actual realistic effect on competition must be considered.”

The actual realistic effect on competition in the Cardox case was simply this, that if a lessee of an Airdox unit had to lease and pay for the entire unit, he certainly wouldn't pay double and then go out and buy unpatented materials from another source, which is precisely our opinion here, that a Stearns lessee, having to lease an entire Stearns detector, is not going to pay double by coming to Tinker & Razor, or anybody else, to buy unpatented equipment to use with it. He would be paying twice. The actual realistic effect on competition, then, is to stifle competition on unpatented commodities.

I would like to quote the language from the opinion of the court in the Cardox case at the conclusion of the [59] opinion. I am now quoting:

“There likewise is no conflict in the evidence as to the past business practice of plaintiff in only leasing its patented cartridges as part of a unit together with the unpatented compressor and other components. Although the question is not free from doubt, it is our view that under the authority of the cases cited, plaintiff's conduct constituted a

misuse of its patents, by unlawfully extending and attempting to extend the monopoly of its patents.”

Now, your Honor, there the situation is on all fours with the situation here. The lessee must take the unpatented equipment in order to get the patented equipment. The leasing practice of Stearns stifles competition on unpatented material.

Now, the plaintiffs have also urged in their brief when the case was before the court previously——

The Court: May I interrupt a second and ask a question?

Mr. Gregg: Certainly.

The Court: Let's consider an IBM machine, for instance. The IBM machine is a patented machine. It is not sold by IBM. In the construction of that IBM machine they use many, many things that are not patented.

Mr. Gregg: That is correct.

The Court: Well, they tell the lessee, “If you want to [60] use that machine, you have to use it as a whole. I won't sell you the parts that are patented, but you will have to buy what is patented, plus what is unpatented.”

Anything wrong with that?

Mr. Gregg: Your Honor, I believe there is a case involving IBM. I can't give you the precise citation. I have to review this to confirm what I am about to say. IBM had patents on its machines, IBM machines, and it would lease those machines upon condition, however, that the lessee use the unpatented IBM punch cards with them, and that was held illegal.

The Court: That is a different thing. That is something clear on the outside. If you can show that the plaintiff here required the lessee of the machine to use materials that they could have bought on the open market, but they had to buy a certain kind of material, it will be a different story. But here IBM takes unpatented things and incorporates them into the machine.

Mr. Gregg: Your Honor, we think the Cardox case is a complete answer to that.

The Court: Your cards are entirely separate from the machine.

Mr. Gregg: No.

The Court: They were demanding that you not only use the machine, but you use the cards that go into it. Anybody could have made the cards. [61]

Mr. Gregg: In the Cardox case, your Honor, the Airdox unit—this has nothing to do with IBM machines, but this has to do with equipment for blasting in mines—the Airdox unit consisted of patented cartridges and unpatented material.

The Court: Is that that 194 F. (2d) case?

Mr. Gregg: 194 F. (2d), yes, your Honor. The plaintiff in that case drew attention to the fact that although the lessee was required to lease the complete Airdox unit, nevertheless, he was not restricted, he could lease it and then go out and get somebody else's unpatented parts to use with it, but the court made the common sense observation, "What is the practical effect of that? If he has got to pay for a complete Airdox unit, including the unpatented parts, he is not going to put them on

the shelf and go out and purchase or lease others to use with the patented parts.”

The inevitable effect, the practical effect, is to stifle competition in the sale of unpatented materials.

There is testimony in the record here that there is a substantial market for components of detectors, many of which are unpatented, but anybody wishing to obtain from Stearns the invention of the patent that is involved here cannot do so unless he takes a great deal of unpatented material. Cost-wise, the major proportion of the material is unpatented.

We predicate our case on that.

The Court: Well, I notice it's 12:00 o'clock. I can only [62] give you the rest of the afternoon. I cannot give you any other time. I gave you today because I had a criminal case that did not go to trial.

Mr. Gregg: I am sure I can conclude my argument in not more than a half hour.

The Court: Well, of course, the other side wants to be heard, you know. There may be some argument on the other side.

Mr. Gregg: I will cut it down to less than that.

The Court: All right. Court will now stand in recess until 2:00 o'clock this afternoon.

(Thereupon, a recess was taken to [63]
2:00 p.m.)

November 10, 1955—2:00 P.M.

The Court: You can proceed.

Mr. Gregg: Your Honor, I think it will take me only about 10 or 15 minutes to conclude my argument. I left off at 12:00 o'clock in connection with our defense of misuse.

I would like to remark briefly about the plaintiff's licensing policy. I have commented upon their rental or leasing policy. They do extend licenses, but this does not remove any illegality that arises out of their leasing policy. In the first place, if the lease policy is illegal, it is illegal without regard to whatever their license policy may be.

Secondly, the inevitable practical effect of their licensing policy is to require the licensees to conduct business in the same manner that the plaintiff does.

Now, there are two forms of license which are in evidence as Defendants' Exhibits AA and BB. One of them licensed people to sell and the other to use the patented electrode pusher combination, and the royalty required under the license is \$250 for each of the electrode pusher combinations.

Now, Mr. Razor has testified in this case, his testimony is uncontradicted, it appears in the transcript, pages 449 and 450, that the defendants sell an electrode pusher combination for a price of \$22.50. A \$250 royalty would be a royalty in excess of 1,000 per cent. As a result, the only [64] practical way that a licensee could afford to pay \$250 royalty would be not to sell the separate parts themselves,

but to sell them or lease them only in conjunction with the patented detector, which is precisely the plaintiff's way of doing business.

Now, your Honor, I would like, in connection with the letter to Pioneer Natural Gas Company, which has been marked for identification as Defendants' Exhibit LL, to make an offer of proof in that connection, and also in connection with an identical letter sent to El Paso Natural Gas Company, which I would now like to have marked for identification.

The Court: It may be marked for identification.

The Clerk: Defendants' MM for identification.

(The document referred to was marked as Defendants' Exhibit MM for identification.)

Mr. Gregg: I would like to offer both LL and MM in evidence, and I presume Mr. Simms will wish to make an objection.

Mr. Simms: I object, your Honor, on the grounds previously stated.

The Court: I think he is entitled to make his offer of proof.

Mr. Simms: I merely object to the introduction, your Honor. I don't object to the offer of proof.

The Court: It has only been marked for identification.

Mr. Gregg: I would like to make an offer of proof now. [65]

The Court: Make your offer of proof.

Mr. Gregg: The offer of proof in connection

with the exhibits marked for identification as Defendants' LL and Defendants' MM is as follows:

We would prove by these documents, and by proper identification thereof through witnesses if the counsel for the plaintiffs would not stipulate that they are true and accurate copies of letters actually sent out in behalf of the plaintiffs, we would prove that the plaintiffs are guilty of unfair competition. This, your Honor, is quite apart from our defense of misuse. That they are guilty of unfair competition in that they are misrepresenting to the trade that the Court of Appeals has held the Stearns patent to be valid.

We believe the Court of Appeals did not so hold and that this is a misrepresentation.

In that connection I would like to read to you a paragraph, paragraph numbered 1:

"The Court of Appeals for the Ninth Circuit has held this patent valid in the case of Dick E. Stearns, et al., vs. Tinker & Razor."

We rely in that connection upon the Celite case and upon Hall vs. Wright, which I referred to this morning.

That is our offer of proof in that connection.

The Court: The offer is rejected.

Mr. Simms: I object, your Honor. [66]

The Court: The offer is rejected.

Mr. Gregg: That concludes our argument, your Honor.

Mr. Simms: May it please the court, inasmuch as the matter of misuse was that last thing dis-

cussed by counsel, I will first address that phase of the case because it is more clearly in our mind.

I think about the only thing I need to say is that the Stearns Company is engaged in the leasing of equipment. That is a well-recognized and very legitimate method of doing business in the United States. The courts have repeatedly upheld the right to lease. In *Roberts and Rock Bed Company vs. Hughes Tool Company*, the leasing was upheld. In the *Shoe Machinery* case, which is cited in my brief, the leasing of machinery for making shoes was upheld. Repeatedly that has been considered a proper method of doing business.

Now, where the misuse has come in is where there has been carried on business so as to extend the monopoly to something outside the patent. The *Cardox* case seems to be the one that was primarily relied upon by the defendant. In that case the patent covered a cartridge which was merely a container with a valve for charging air into and out of the cartridge, charge air into it and release it so as to give a blast for breaking coal.

But look at the other material which you had to buy or had to get from the patentee in order to get the cartridge. [67] Each such unit includes five of the *Airdox* cartridges patented by plaintiff, and a motor, a compressor, four blow down valves, three line valves, three unions, 3,000 feet of steel tubing, 500 feet of copper tubing, and all necessary connectors, all of which, as far as this record discloses, are unpatented.

Right back to the same International Business

Machines case involving the cards. The same type of situation.

The inclusion of patented parts of machinery in the United States, if you will just stop to consider, you can assume that General Motors has many patents, maybe on an ash tray, perhaps on a transmission. I assume that they sell a Cadillac automobile with both of those two patented items on it. It is a misuse, according to the defendant's contention.

It seems so highly impractical and unrealistic, and there are no cases to my knowledge, and the defendant has not cited any that go anywhere near that far. Repeatedly the leasing of goods has been upheld as a legitimate business practice.

On the question of our licenses, Stearns has made available on a license basis the fruits of his invention. There have been numerous, and the record shows, licensees. They apparently live under the license program.

The defendant, on the other hand, presumes to ignore this exclusive right that Stearns received. By the patent [68] Stearns is entitled to the right to exclude. That is the basis of the patent. That's all he has. For that right he has given the public in the form of his patent the disclosure of his invention.

Now, what is that invention? The Court of Appeals in deciding what was the invention didn't go into the question of here is a roller and we don't find rollers in any of this prior art. That wasn't the

invention. That isn't what the Court of Appeals said was the invention.

The Court of Appeals said that the thing that was the invention was to provide a means or pusher which rotably engages a spring to roll it along the pipe, and that is exactly what this instrument of the defendants does. And form an electrical contact with it.

Now, all at once the word "rotatably engaged" has become something we can't understand, according to the defendants' theory. But the Court of Appeals apparently understood it. I am quoting from their decision.

"In the Stearns detector, the pusher rotably engages and forms a movable electrical contact with the spring electrode so as to roll it and connect it electrically to the high voltage test circuit;"

I think it is unnecessary for me to go into a restatement of what I stated earlier about the prosecution of [69] the Stearns patent, but it is clear that this is what Stearns has done. He has complied with the patent statute. The patent statute says that the inventor will disclose that which he believes to be the best way to practice the invention.

Now, Stearns thinks that this is the best way to practice the invention, is to provide the pusher on the carriage so that it is a one hand operation.

It is interesting to note that so did the defendant think that is the best way to do it, because that is the way they first did it. They made it just like Stearns. They copied Stearns down to the gnat's

eyebrow. Their description fits the Stearns patent like it was a written specification of it.

The only reason that they advance for the change, the one reason is that on advice of counsel they thought they should get a little farther from the patent.

Your Honor, I don't think they got nearly far enough from the patent, because claim 1 does not call for any kind of rollers. Claim 2 does call for rollers.

The cases are numerous and the law is well established that you cannot imply to a broad term in one claim a limited meaning, the limitation of which appears in subsequent claims.

The Court: When your claim 1 doesn't specify, doesn't say a roller, doesn't say a block, doesn't say anything, does [70] it include everything?

Mr. Simms: It includes any means which will perform the functions out.

The Court: Then in not claiming in 1, you claim everything, is that it?

Mr. Simms: Every means which will perform the function. That also is in accordance with the patent statute, that an inventor may include an element in his claim——

The Court: Where is your authority for your statement that if in your claim you don't claim everything specifically, you naturally claim everything, known and unknown?

Mr. Simms: Your Honor, when you say you claim everything, that is an awfully broad statement. I don't know as I positively follow your

meaning, but you claim everything that operates in the same way, do substantially the same thing, and give the same results.

The Court: Under your theory, then, as far as claim 1 is concerned, it doesn't make any difference whether you use a roller or whether you use a bearing, or whether you use a block. It doesn't make a particle of difference, does it?

Mr. Simms: It doesn't make any difference in the practice of the invention, and that is our contention.

The statute says—let's see if I can't locate it here. I can paraphrase it anyhow, your Honor. It is to this effect, that the inventor may claim means for accomplishing a [71] result, and that when that is in a claim, that it will be interpreted as encompassing all the things which are substantially equivalent to the things shown.

The Court: Supposing I create a gadget. It is an invention. Then I claim that this invention will do certain things and I specify them. Supposing I don't make any claim at all. I just say it will do everything. Do I get everything or don't I have to specify what it will do?

Mr. Simms: I think in that instance the Patent Office would turn you down to start with.

The Court: They would require you to be specific, wouldn't they?

Mr. Simms: That's right.

The Court: You haven't been specific. You just said it will create or it will accomplish certain things.

Mr. Simms: No. I think, your Honor, that we have been specific.

The Court: Well, all you say is——

Mr. Simms: Let's read here.

“* * * and means rotatably engaging and forming a movable electrical contact with said spring * * *”

Now, that is setting out the structure, that is setting out the means that will engage this and pass electricity through a moving engagement.

The Court: You don't contend that the only thing that [72] will produce that particular result is the arm and connection you have?

Mr. Simms: Not whatsoever. Anything that will make that engagement and connect the spring to high voltage testing circuits for rolling such spring along such elongated member.

The Court: Then it is your contention that if any other detector uses a means of rotatably engaging and forming a movable electrical contact, that it is covered by your patent regardless of the shape and regardless of how the contact is made?

Mr. Simms: May it please the court, it is difficult to say any other detector regardless, without seeing the structure. I definitely contend that it includes this. There conceivably could be some method that might avoid it, but we don't have it here.

The Court: Isn't it your contention that it doesn't make any difference what kind of a connector they have, whether it is a rod or by wand or by a tongue, as long as it does these things, it is an infringement of your patent?

Mr. Simms: That is substantially our position, yes, your Honor. That is the thing that was pointed out to the Patent Office to distinguish this invention. That is the thing that the Court of Appeals held distinguished it in part.

Now, one of the most common and practical methods of testing an invention is to see what the invention was. [73] Certainly, even though a claim might cover it, if it were clear outside the invention, a lot of cases hold you can't extend a patent to that extent, but here we don't have that. They have set out to do the same thing, to accomplish the same results. They accomplish identical results. They accomplish those results in substantially the same manner. They do it in the same way. They are going to inspect these holidays with the same rotary movement. The attachment is such that our electrode is supported by the pipe.

The Court: The only difference here is the connector. They do substantially the same work. They produce substantially the same result, they get substantially the same results. But the claim is made that if they don't use the rollers, if they use something else besides rollers, they are not infringing.

Mr. Simms: That is their position, your Honor. That is a position that is contrary to the prosecution of the application, to the statement made to the examiner as to the meaning of rotatably engaging. It is contrary to everything except this desire to use the same invention, to—I will use the word pirate. That is what the courts use. They pirate the invention. They want to accomplish all of these results, but they want to do it outside of the patent.

The real invention here isn't in the rollers, because rollers are old. The real invention was in connecting [74] these high test circuits with the spring in such a manner that the connection leaves this free, that it leaves the spring free to roll along the pipe, and make that electrical connection while you are doing it. Now, that is the invention. The preferred way was this.

Now the defendants are taking the position that having complied with the statute, to show a preferred method, Stearns is precluded from claiming anything but his preferred way, and we will use a slightly less preferred way in order to avoid the patent.

The Court: Let me ask you a question. Supposing over a long period of time people have learned to do a certain thing, to accomplish certain results, and then somebody comes along and invents a machine or perfects a machine that will accomplish exactly those same results in practically the same way, except instead of doing it by hand, you do it by machine. You do it faster by machine. Your machine can work faster than the hand. But it does practically the same thing.

Is there invention?

Mr. Simms: Your first development was not a machine?

The Court: No. You develop it by hand. You learn to do it by hand.

Mr. Simms: We might take a chicken-picking machine, is that right?

The Court: Then somebody comes along and says the hand [75] is too slow, so let's see if we cannot make a machine and speed it up. They do it. They accomplish exactly the same result. The only difference is one time they do it by machine, another time they do it by hand, and by the machine you can do it much faster because it is a machine. Is that invention?

Mr. Simms: It could well be an invention, your Honor. It would depend on the circumstances in that case.

The Court: If it is an invention, then continuing to do it by hand is not an infringement, is it?

Mr. Simms: It is not an infringement, no, sir.

The Court: It does the same thing, accomplishes the same results.

Mr. Simms: Well, that came before. The thing is the patent cannot be construed so as to encompass something that went before. In other words, the defendants are perfectly free to use the old Mudd electrode, because that came before.

The Court: That is, they are perfectly free to drag the electrode along the pipe.

Mr. Simms: To drag it along the pipe with Mudd's contraption, and we couldn't touch him on that at all, because we cannot interpret our claim so as to encompass that which went before.

The Court: Well, your real invention then is the fact that you have worked out a procedure by which you can get the electrode to roll. [76]

Mr. Simms: And making the electrical contact.

The Court: Instead of being dragged, it will roll and keep the electrical contact.

Mr. Simms: That is the invention.

The Court: Well, the defendant does the same thing, except they do it a little bit differently.

Mr. Simms: In a slightly different way.

The Court: They have more hand work.

Mr. Simms: Well, that's right, they have a little more hand work in theirs.

I think Justice Jackson made a statement that is rather important. In *Graver Tank vs. Linde Air Products*, he pointed out it is a rather dull thing for an infringer to make a Chinese copy of a patent. Always they will make little changes, and the patent system is not to be circumvented in that fashion by slight changes, because that rewards the cunning of the trespasser, instead of the ingenuity of the inventor who gave it to the world.

Now, they started out as one of those rather dull things, an exact copy, and realized it was a little too close, and tried to change, but in changing it, they have adopted the basic invention of the Stearns patent. Their equipment is stated by Mr. Rasor on examination to do everything that the Stearns will do and maybe more, and maybe then some. It will do everything. [77]

They didn't go to Mudd. They didn't drag their spring. They don't want to today. They are in here fighting strenuously over a period of seven years to keep from doing that, which merely demonstrates the value of the contribution of the Stearns patent.

Now, the patent only has a few more years to

run, but until it does run, Stearns by law has the right to exclusion.

We think this is one of the glaring cases of a defendant going out and merely copying exactly the thing that was being done, making a very slight change in it, and then picking up all the little technicalities.

In the first place, all the United States business is out of kilter. They are on the wrong step, because they have machines, radios, television, cars, airplanes, that have a patented item on them, and they don't sell the patented item separately. They sell an airplane. All of the aircraft industry is clear off base.

The interpretation as given this claim to the Patent Office is clear off. We have got to come down here and find some little word which says these wheels must rotate freely. That doesn't mean it must rotate freely. It means you have to use wheels, they say, but where did they get the bridge over there? It isn't in there.

Your Honor, I think at this time I want to close and make this observation, that I have prepared some proposed findings [78] of fact and conclusions of law, thinking they might be of some assistance to your Honor, so I would like to submit them for whatever assistance they might give you.

The Court: I will be glad to have you submit them.

Mr. Gregg: Your Honor, we have never seen these proposed findings of fact at all. We have had no opportunity to comment on them.

The Court: Well, if you want to submit some proposed findings of fact and conclusions of law, I will allow you to do so, also.

Mr. Gregg: That's fine. That is perfectly all right.

The Court: I don't intend to decide this today, because I want to go back and read your briefs and authorities. Also, I would like to have a transcript of your arguments today. I wish that either the plaintiff or the defendant would authorize the reporter to write up your arguments today. I would like to have them so I can review them.

Mr. Simms: I suggest that we agree to pay equally and have that done.

Mr. Gregg: That is quite agreeable.

The Court: So if you want to examine the proposed findings of fact and conclusions of law as presented by Mr. Simms, you may do so, and you can either file objections to them or you can prepare a set of your own and submit them.

Mr. Gregg: Fine. [79]

The Court: I would rather that you prepare a set of your own.

Mr. Gregg: We will do that, your Honor.

Mr. Simms: What time, your Honor, should the parties have?

The Court: I would suggest that you present them within ten days. I don't know just when I am going to be able to review your briefs. I anticipate from what you say they are extensive.

Mr. Gregg: Your Honor, I think I could possibly do it in ten days. I would like to point out the

plaintiffs have somewhat of an advantage. They have already prepared theirs. This takes me by surprise. I had no idea you would want or would entertain findings of fact until you had had an opportunity to decide the case.

The Court: Maybe it is premature, because I may find for the defendant. If I have the defendant's findings of fact and conclusions of law, then I can look them over and see whether or not they coincide with my findings. If I decide for the plaintiff, I will have the plaintiff's findings.

Does it make any difference whether they are prepared after I make the decision or before?

Mr. Gregg: No. I have no objection to the findings. Will you give me 20 days, and I will make every effort to get them in in 10 days? [80]

The Court: All right. We will give you 20 days. Let's get a definite date on this. That will be the 1st of December.

Mr. Simms: 1st of December. That's fine.

The Court: In the meantime, in the 20 days I might have a chance to read your authorities and your briefs.

Mr. Simms: Your Honor, I would like to comment. I assume the court has practically adjourned here.

The Court: I don't know.

Mr. Simms: It has been a pleasure to be here again.

The Court: I don't know about that. The other side may have something more to say.

Mr. Gregg: I would just like to make one com-

ment, your Honor. In connection with the Graver case, it seems to me it is quite evident that the plaintiff is now relying upon the doctrine of equivalents in connection with claim 1. I would like to point out in the Graver case the facts were this, that the claims called for a flux including, as I recall, calcium as one of the components, or calcium salt, and the defendant used magnesium salt, and the question was whether magnesium was the equivalent of calcium, and in the patent involved in the Graver case, it was specifically stated in the specification that magnesium could be used as well as calcium, and there was testimony at the trial one was equivalent to the other. Whereas in this case, we are relying upon file wrapper estoppel and we are relying upon the very positive assertion in the patent [81] that wheels must be used and they must either be driven or they must rotate easily in order to cause proper propulsion.

The Court: Have you got a case where the patent says or the claim says in order to obtain the result you have to use Salt A. Then somebody comes along and uses Salt B. No mention in the claim about Salt B, but somebody uses it.

The defense is that the claim says Salt A. If you don't use Salt A, then you are at liberty to go ahead and follow the same procedure as long as you use Salt B. Have you got a case like that?

Mr. Gregg: We certainly have cases, your Honor. One of them is the Snow case. Taking the hypothetical case you refer to, the patent says Salt

A and says nothing about Salt B, nothing whatsoever about it, your Honor, about it being usable or not. The defendant comes along and uses Salt B. It is open to the plaintiff to prove that Salt B is in fact an equivalent of Salt A.

But let's take another hypothetical case where the patent mentions——

The Court: Supposing it is equivalent. Suppose it is just a question of salt. Let's say the claim is use nitric acid. Somebody comes along and uses sulphuric acid. They find out it does the same thing and is just as good. The claim is for nitric. Nothing in the claim says other acids may be [82] used, such as sulphuric acid.

Mr. Gregg: Your Honor, I think I could best call upon the Exhibit Supply Company vs. Ace Patent Corporation, which I cited to you this morning as follows. I am reading from page 11 of our brief:

“Assuming that the patentee would have been entitled to equivalents embracing the accused device had he originally claimed a ‘conductor means embedded in the table,’ a very different issue is presented when the applicant in order to meet objections in the Patent Office, based on references to the prior art, adopted the phrase as a substitute for the broad one ‘carried by the table.’ Had claim 7 been allowed in its original form, it would have read upon all the accused devices, since in all the conductor means complementary to the coil spring are ‘carried by the table.’ By striking that phrase from the claim and substituting for it ‘em-

bedded in the table' the applicant restricted his claim to those combinations in which the conductor means, though carried on the table, is also embedded in it. By the amendment, he recognized and emphasized the difference between the two phrases and proclaimed his abandonment of all that is embraced in that difference." [83]

I don't think it is necessary to read any more of this opinion. I think that aptly describes what happened. When he did that, it can mean only one thing, and that is that he abandoned his claim to anything else.

The Court: Mr. Simms, have you got anything else you want to say?

Mr. Simms: Just one more thing. The claim called for Salt A and this is Salt A. It is not anything else.

We put the words in the claim, "means rotatably engaging." Before that it just means engaging to do these things. So we restricted it down to things which rotatably engage the spring to rotate, able to rotate the spring, and this is, you might say, Salt A. They claim Salt A, they have Salt A.

We didn't claim rollers. They don't have rollers. We have rollers in another claim and we can't read that claim on the structure, but the claim wasn't restricted to rollers. It was restricted to means rotatably engaging and forming a movable electrical contact with said spring, to roll the spring and connect the spring to the high voltage testing circuit, and that is what they do.

The Court: All right. I will give you 20 days to

file your proposed findings of fact and conclusions of law, and the matter will stand submitted.

In the meantime, I will read your authorities and [84] briefs, and some time after the 20 days I will let you know my opinion, my conclusion. [85]

Certificate

I hereby certify that I am a duly appointed, qualified and acting official court reporter of the United States District Court for the Southern District of California.

I further certify that the foregoing is a true and correct transcript of the proceedings had in the above-entitled cause on the date or dates specified therein, and that said transcript is a true and correct transcription of my stenographic notes.

Dated at Los Angeles, California, this 18th day of November, 1955.

/s/ S. J. TRAINOR,
Official Reporter.

[Endorsed]: Filed March 19, 1956.

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the United States District Court for the Southern District of Cali-

fornia, do hereby certify that the foregoing pages numbered 1 to 51, inclusive, contain the original

Second Amended Complaint;
Answer to Second Amended Complaint;
Plaintiff's Reply to Defendants' Counter-
Claim;
Mandate;
Findings of Fact and Conclusions of Law;
Order Re Plaintiff's Motion to Amended and
Modify Final Judgment;
Final Judgment;
Notice of Appeal;
Designation of Record on Second Appeal;
Statement of Points on Appeal;
Order Staying Execution of Costs Pending
Appeal;
Petition for Order Staying Execution of
Costs Pending Appeal, etc.;
Order Extending Time to File Appeal Rec-
ord and Docket Appeal;

which, together with a letter from Judge Harry C. Westover to Messrs. Gregg & Hardy that is not part of record in the trial court; depositions of J. P. Bristow, John Patrick Rasor, L. H. Tinker, G. W. Goff and of witnesses taken on the part of the plaintiffs on May 16, 1951; and seven volumes of reporter's transcript of proceedings, all in the above-entitled cause, constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above case.

I further certify that my fees for preparing the foregoing transcript amounts to \$2.00, which sum has been paid by appellant.

Witness my hand and the seal of the said District Court this 25th day of April, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk.

By /s/ CHARLES E. JONES,
Deputy.

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the United States District Court for the Southern District of California, do hereby certify that the foregoing pages numbered 1 to 7, inclusive, contain the original

Notice of Appeal;

Designation of Record on Appeal;

Statement of Points on Appeal;

Defendants' Supplemental Designation;

and constitute the transcript of record on appeal in the above-entitled cause, to the United States Court of Appeals for the Ninth Circuit, in the above case.

I further certify that my fees for preparing the foregoing record amount to \$2.00, which sum has been paid by appellant.

Witness my hand and the seal of the said District Court this 25th day of April, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk.

By /s/ CHARLES E. JONES,
Deputy.

[Endorsed]: No. 15111. United States Court of Appeals for the Ninth Circuit. Dick E. Stearns and The D. E. Stearns Company, a Partnership Composed of Dick E. Stearns and Ellen Belson Stearns, Appellants, vs. Tinker & Razor, a Corporation, John P. Razor and Leo H. Tinker, Appellees. Tinker & Razor, a Corporation, John P. Razor and Leo H. Tinker, Appellants, vs. Dick E. Stearns and The D. E. Stearns Company, a Partnership Composed of Dick E. Stearns and Ellen Belson Stearns, Appellees. Transcript of Record. Appeals From the United States District Court for the Southern District of California, Central Division.

Filed: April 26, 1956.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the
Ninth Circuit.

In the United States Court of Appeals for the
Ninth Circuit

Appeal No. 15111

DICK E. STEARNS, and THE D. E. STEARNS
Company, a Partnership Composed of Dick E.
Stearns and Ellen Belson Stearns,

Appellants,

vs.

TINKER & RASOR, a Corporation, JOHN
PATRICK RASOR and LEO H. TINKER,

Appellees.

STATEMENT OF THE POINTS ON WHICH
PLAINTIFFS-APPELLANTS INTEND TO
RELY

1. The Trial Court erred in construing claim 1
of the Stearns patent 2,332,182 to be restricted in
its scope by ;

- (a) The wording of the claim itself,
- (b) The specification of the patent includ-
ing the drawings, or
- (c) The file wrapper of the patent;

to apparatus employing wheels or rollers engaging
the coiled spring electrode for rolling it and elec-
trically connecting it to a high voltage testing cir-
cuit and to therefore not be infringed by Defend-
ants' devices exemplified by Plaintiffs' Exhibits
26-A, 26-B and 26-C in which the pusher wand

utilizes an inverted U-shaped bearing in place of wheel or roller bearings for accomplishing said two functions; where this restricted construction was not required by the prior art and where the Court of Appeals in finding the claim patentably distinguished over the prior art did not adopt or resort to said restricted construction.

2. The Trial Court erred in the construction of claim 1 of the Stearns patent 2,332,182 in not finding, relative to Defendants' detector Plaintiffs' Exhibits 26-A, 26-B and 26-C, that Defendants' semi-sleeve type bearing (well known equivalent of the roller bearings in the Stearns patent) fully met that portion of the claim commencing with

“and means rotatably engaging and forming a movable electrical contact with said spring at a position remote from the surface of said member for connecting said spring to a high voltage testing circuit and for rolling said spring along such elongated member”

and thus infringes the claim under the rules of construction of means clauses in patent claims provided by Title 35, U.S.C., Section 112, which reads in part:

“An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, * * * and such claims shall be construed to cover the corresponding structure, * * * described in the specification and equivalents thereof.” (Emphasis added.)

3. The Trial Court erred in construing the broad generic recitation in claim 1 of patent 2,332,182 of:

“means rotatably engaging * * * with said spring * * * for rolling said spring along such elongated member”

to be restricted to wheels or rollers, thus implying the limitation of rollers recited in claims 2, 3, 4, 5, 6 and 8 and holding the claim not infringed by Defendants’ detector because of this “implied” limitation.

4. The Trial Court erred in dismissing the Second Amended Complaint herein and in not holding that Defendants had infringed claim 1 of Stearns patent 2,332,182 by making, using, leasing and selling their holiday detectors which incorporate pushers and electrodes exemplified by Plaintiffs’ Exhibits 26-A and 26-C, respectively.

5. The Trial Court erred in construing claim 7 as restricted by the element

“an electrode pusher and contactor carried by and electrically insulated from said platform”

to holiday detectors having a pusher arm which is a

“solid, rigid, immovable structure mechanically carried by and moving with the carriage”

so as to thereby not encompass Defendants’ detector of Plaintiffs’ Exhibits 26-A, 26-B and 26-C in which the wand 26-A is carried by the carriage 26-B

by means of the flexible electrical cable, as the full structural and functional equivalent.

6. The Trial Court erred in not ruling that Defendants' holiday detector, Plaintiffs' Exhibits 26-A, 26-B and 26-C, is the full mechanical equivalent of the detector defined in claim 7 of Stearns patent 2,332,182 and therefore infringes said claim.

7. The Trial Court erred in its holding that claims 1 and 7 of the Stearns patent 2,332,182 are "invalid for failure to particularly point out and distinctly claim the invention" if they are construed to cover the device manufactured by Defendant Tinker & Razor, exemplified by Plaintiffs' Exhibits 26-A, 26-B and 26-C.

8. The Trial Court erred in its holding that the Plaintiffs are not entitled to relief for the infringement of claims 1 and 7 of its patent 2,332,182 because Plaintiffs' method of doing business and/or licensing program as they relate to the patent, constituted a misuse of the patent by employing it to monopolize and to restrain competition in unpatented materials.

BROWNING, SIMMS & HYER,

By /s/ JAMES B. SIMMS,

Attorneys for Plaintiffs-
Appellants.

Certificate of Service attached.

[Endorsed]: Filed April 26, 1956.

[Title of Court of Appeals and Cause.]

STATEMENT OF POINTS UPON WHICH APPELLANTS TINKER & RASOR, JOHN PATRICK RASOR AND LEO H. TINKER INTEND TO RELY UPON APPEAL

The parties Tinker & Rasor, John Patrick Rasor and Leo H. Tinker intend to rely upon the following points:

1. The Trial Court erred in dismissing defendants' counterclaim for damages.
2. The Trial Court erred in awarding plaintiffs costs on the first appeal.

/s/ EDWARD B. GREGG,
Attorney for Appellants, Tinker & Rasor, John Patrick Rasor and Leo H. Tinker.

Certificate of Service attached.

[Endorsed]: Filed May 2, 1956.

[Title of Court of Appeals and Cause.]

STIPULATION REGARDING USE OF
PRINTED RECORD ON FIRST APPEAL

Come Now the parties, acting through their counsel, and stipulate, subject to the rules of the Court, to the use in the second appeal, which bears the above number, of the printed record from the first appeal, number 13,634. This consists of Volumes I, II and III.

The parties further stipulate that the unprinted documentary exhibits be treated as physical exhibits on the appeal and may be referred to as physical exhibits by either party.

BROWNING, SIMMS & HYER,

By /s/ JAMES B. SIMMS,

Attorneys for Appellants.

/s/ EDWARD B. GREGG,

Attorney for Appellees.

[Endorsed]: Filed May 15, 1956.